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Canada. Canteen Funds, Special  
Committee on, 1947

( SESSION 1947 )

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( HOUSE OF COMMONS )

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( SPECIAL COMMITTEE )

( ON )

# ( CANTEEN FUNDS )

MINUTES OF PROCEEDINGS AND EVIDENCE

[8 report]

No. 1

THURSDAY, MARCH 4, 1947

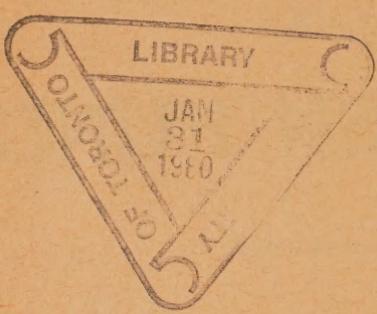
TUESDAY, MARCH 11, 1947

## WITNESSES:

Hon. Brook Claxton, Minister of National Defence; Colonel A. W. O. Stewart, President, Regimental Funds Board, Department of National Defence.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.P.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1947





## ORDERS OF REFERENCE

HOUSE OF COMMONS,

WEDNESDAY, 26th February, 1947.

*Resolved*,—That a Select Committee be appointed to enquire into and report upon the control and disposition of canteen funds accumulated during the war which commenced on the 10th of September, 1939, out of profits arising from army messes, canteens and other services operated by or for the benefit of army personnel, as well as moneys derived by units through the sale of refuse, or other moneys received for the benefit of personnel of the Canadian Army, and to recommend to the House appropriate legislation to implement such recommendations as the Committee may make, with power to send for persons, papers and records, and to print its proceedings; and that the provision of Section 1 of Standing Order 65 be waived in respect of this Committee; and that the said Committee consist of the following: Messrs. Baker, Belzile, Benidickson, Castleden, Cleaver, Cockeram, Croll, Cruickshank, Dion, Emmerson, Fulton, Halle, Harris (*Grey-Bruce*), Harkness, Langlois, Lennard, Marshall, Mutch, Probe, Robinson (*Bruce*), White (*Hastings-Peterborough*), Whitman, Winkler.

THURSDAY, 27th February, 1947.

Ordered,—That the name of Mr. Brooks be substituted for that of Mr. White (*Hastings-Peterborough*) on the said Committee.

TUESDAY, 4th March, 1947

*Ordered*,—That the quorum of the said Committee be reduced to eight members, and that section 3 of Standing Order 65 be suspended in relation thereto.

*Ordered*,—That the said Committee be granted leave to sit while the House in sitting.

ATTEST.

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

## REPORT OF THE HOUSE

TUESDAY, March 4, 1947.

The Special Committee on Canteen Funds begs leave to present the following as a

## FIRST REPORT

Your Committee recommends:

1. That its quorum be reduced to eight members, and that section 3 of Standing Order 65 be suspended in relation thereto.
2. That it be granted leave to sit while the House is sitting.

All of which is respectfully submitted.

L. A. Mutch,  
*Chairman.*

## MINUTES OF PROCEEDINGS

TUESDAY, March 4, 1947.

The Special Committee on Canteen Funds met at 11.30 o'clock a.m.

*Members Present:* Messrs. Baker, Benidickson, Castleden, Croll, Cruickshank, Emmerson, Harkness, Langlois, Lennard, Marshall, Mutch, Robinson (*Bruce*), Whitman, Winkler.

On motion of Mr. Benidickson, seconded by Mr. Langlois:—

*Resolved,—*That Mr. L. A. Mutch be Chairman.

Mr. Mutch took the chair and thanked the Committee for the honour conferred upon him.

The Clerk read the Orders of Reference.

On motion of Mr. Baker:—

*Resolved,—*That the Committee recommend that its quorum be reduced to eight members.

On motion of Mr. Winkler:—

*Resolved,—*That the Committee ask leave to sit while the House is sitting.

On motion of Mr. Langlois:—

*Ordered,—*That 500 copies in English and 200 copies in French of the minutes of proceedings and evidence be printed from day to day, and that, at the discretion of the Chairman, additional copies be printed for any particular sitting.

Discussion followed as to procedure and agenda.

It was agreed that arrangements be made for a representative of the Department of National Defence to be in attendance at the next meeting.

On motion of Mr. Castleden:—

*Ordered,—*That 100 copies of the Final Report of the Special Committee on Canteen Funds, Session of 1942, be reprinted for the use of the Committee.

At 12.15 o'clock p.m. the Committee adjourned until Tuesday, March 11, at 11 o'clock a.m.

TUESDAY, March 11, 1947.

The Special Committee on Canteen Funds met at 11 o'clock a.m., the Chairman, Mr. L. A. Mutch, presiding.

*Members Present:* Messrs. Baker, Benidickson, Brooks, Castleden, Cockeram, Croll, Cruickshank, Emmerson, Fulton, Harkness, Langlois, Lennard, Marshall, Mutch, Probe, Robinson (*Bruce*), Winkler.

*In Attendance:* Hon. Brooke Claxton, Minister of National Defence; Col. A. W. O. Stewart, President, Regimental Funds Board; Mr. J. W. Johnson, Assistant Chief Welfare Officer, Department of Veterans Affairs.

Hon. Mr. Claxton made a statement regarding Army canteen funds and was questioned thereon.

On motion of Mr. Fulton:—

*Resolved*,—That a steering committee, consisting of five members to be named by the Chairman, be appointed.

Colonel Stewart was called, heard and questioned.

A synopsis of various proposals for the disbursement of canteen funds was read by the Clerk.

It was agreed that the Committee sit twice weekly, on Monday and Friday mornings.

At 12.40 o'clock p.m. the Committee adjourned until Friday, March 14, at 11 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*

## MINUTES OF EVIDENCE

HOUSE OF COMMONS,  
March 11, 1947.

The Special Committee on Canteen Funds met this day at 11.00 a.m. The Chairman, Mr. L. A. Mutch presided.

The CHAIRMAN: Gentlemen, I think we have a quorum and we can start our first business meeting this morning.

We have the correspondence from the Department of National Defence, and we have available for distribution some very compact information with respect to the funds which are available, where they came from, and some information with respect to their distribution in the other services which are not before us except by way of example.

I have very definite ideas, expressed many times in the presence of some of you, about a talkative chairman, and I shall try to live up to my own precepts but inasmuch as this is the first meeting for some of you—some were not here the other day—I should like to say one or two things on the terms of reference which have brought about this committee.

I think we are in the position of a board of directors of a company of some half million stockholders who have been handed a dividend by the trustee—in this case the Governor in Council through the Department of National Defence—so that we may advise on the means for distributing that dividend.

There is no reflection upon any of us but it goes beyond the bounds of my own imagination to conceive how this could be anything else but a business committee.

The government is not taking anything away from the veterans nor proposing to give them anything. They have asked us as members of the House of Commons, to devise a method of expending about five and a half million dollars (\$5,500,000) which belongs to these people. They have asked us to draft legislation which will carry out our recommendations under these circumstances.

I feel that we will have rather a happy time of it. It is not very often a group of us are called together to spend \$5,500,000 or even to devise means of distributing it, which is a more accurate description of what our purpose is.

I hope that we shall have no difficulty, and I know we will have no difficulty. Our main problem will be, I think, to decide on the basic principle on which we are going to operate. Secondly to decide amongst ourselves what advice we should seek.

That is all I have to say at the moment. At the last meeting it was decided we would review the recommendations of the committee which sat in 1942, if I remember correctly, the extent to which these recommendations had been carried out, and the extent to which they affect the principles we may wish to follow in our decisions. The Minister has made available to us during our meetings the services of Colonel A. W. O. Stewart, who will attend our meetings, and this morning we are fortunate in having him with us.

We also have with us the Minister of National Defence and I am going to ask him to say a word to us before we begin our deliberations.

Mr. BROOKS: Mr. Chairman, before we begin our deliberations, I would like to point out that this committee meeting is set while there are about four other House committees sitting. I am supposed to be on three other committees meeting this morning at 11.00 a.m. I think it is very unfortunate that we have to

have so many committees meeting on Tuesday morning at 11.00 a.m. I was wondering if some more suitable hour could not be chosen. I am anxious to attend the meetings of the Redistribution Committee. Could something not be done to change the hour of meeting of this committee or one of the other committees?

The CHAIRMAN: I have spoken with the whips and I believe they will be willing to consider something along this line. I am on seven committees. I am not boasting about it. I think the situation is ridiculous and most of the members who have been with us a little while are in the same position. The smaller your group the worse the situation. We ran into the same situation last year and we have had some discussion with the whips. I will be glad to go back to it again, but the situation is that unless some committees agree to sit while the House is sitting it is almost impossible to find time for the purpose. Most committees will have to sit twice a week in all probability. We discussed it last week and decided we would sit twice a week. Monday and Friday are available and the main committee days are Tuesdays and Thursdays. If the members of this committee can give us any assurance of a quorum—we have lowered it to eight—I can see no reason why this committee cannot sit on Mondays and Fridays. I suspect there are at least two other rather important committees which have come to the same conclusion. If it will be of any assistance to the committee the secretary or myself will go and see the whips and see what arrangements can be made. I think most of us have to figure on picking out two or so of the committees we are most interested in and giving our time to them. I am most anxious to co-operate. I objected to it last year as much as any of you. I attended twenty-two committee meetings in six days. We will find out if we can do anything about it.

Mr. BROOKS: May I suggest that the chairmen of the committees meet with the whips and not let the whips decide for themselves.

The CHAIRMAN: The reason we need the whips at all is the matter of getting rooms and accommodation.

Mr. BROOKS: That is very necessary.

The CHAIRMAN: We cannot get this room next Thursday. Now I will call upon the minister to say a few words to us.

Hon. Mr. CLAXTON: Mr. Chairman, and gentlemen: At the outset of your work I wish to detain you for only a few minutes to make some general observations about the origin and amount of the canteen funds of the Canadian army as well as to offer the committee the fullest possible cooperation of the Department of National Defence so that you may have full information on which to base your recommendations to the House.

You will observe that under the motion unanimously agreed to by the House on February 26, your terms of reference are broad and they were designedly made so. They are "to enquire into and report upon the control and disposition of canteen funds accumulated during the war, which commenced on September 10, 1939, out of profits taken from army messes, canteens and other services operated by or for the benefit of army personnel, as well as moneys derived by units from the sale of refuse, and other moneys received for the benefit of personnel of the Canadian army and to recommend to the House appropriate legislation to implement such recommendations as the committee may make".

In selecting the personnel of the committee, the House chose nine members who were veterans of World War II, eleven who were veterans of World War I and two who served in both wars. These funds arose almost entirely out of

the profits of expenditures made by personnel of the Canadian army and it was felt that the most appropriate membership in the Canadian House of Commons would be the men who served their country in one or other of two world wars. Further the committee includes twelve members who sat on the Committee of the House on Canteen Funds set up by the House in 1942.

You are consequently familiar with the origin of these funds. As you know it is the practice in nearly all units of the fighting service to maintain and operate canteens at which the members of the armed forces may, with their own money, purchase additional comforts as these may be desired and available. These canteens are operated under careful supervision. Large sales, low costs of doing business, and good management have resulted in the accumulation of very considerable profits despite the fact that the charges made are usually considerably lower than those ordinarily charged for similar commodities by ordinary business enterprises.

As these profits were made, some were spent for the benefit of the members of the units concerned. Other profits were not spent, but were accumulated, or come to us through NAAFI (Navy, Army and Air Force Institute, a corporation created by the government of the United Kingdom expressly for the purpose of selling comforts to all fighting services), as well as the national auxiliary organizations which include the Canadian Legion War Services, the Y.M.C.A., the Knights of Columbus and the Salvation Army. These resulted in large amounts being accumulated which could not be properly allocated to any particular units. It is all these accumulated profits which have been deposited with the Receiver General or are held in trust by the Regimental Funds Board which are the subject-matter of your enquiry.

It is not for me to speak for the House on a matter of this kind, but I feel certain that its members would like to have guidance in the form of recommendations from you regarding:—

- (1) The funds that are to be considered as covered by your recommendations.
- (2) The purposes for which these funds should be applied.
- (3) The conditions on which they should be expended.
- (4) Some indication as to whether the expenditures should be made when required out of capital as well as interest and if so, should there be any ceiling on the amount to be expended in any given year, so as to prevent the fund being exhausted too rapidly.
- (5) How should the funds be administered and expenditures controlled.
- (6) How should the funds be accounted for.

Other questions will no doubt occur to you. It is, I think, the hope that a draft bill will be prepared by this committee and when you come to that work the officers of the department as well as of the Department of Justice will be available to assist you.

The committee is, of course, free to make any report to the House it wants within its terms of reference and I feel that the government will give the most sympathetic consideration to its recommendations.

The Department of National Defence will be glad to co-operate in every way possible to put before you all information necessary to enable you to arrive at your recommendations. Any officers of the department or of the armed services will be available at any time. Colonel A. W. O. Stewart, president of the Regimental Funds Board has been detailed for immediate attendance on the committee and will furnish you with any information you require and secure any additional information that you may need.

We have caused to be prepared a memorandum giving information on this subject.

The amount of the funds at February 14, 1947 totalled \$5,674,589 made up as follows:—

- (a) Receipts from national auxiliary organizations, NAAFI, etc., \$2,883,457.
- (b) Disbanded (active) army unit funds \$2,735,820.
- (c) Disbanded (reserve) army unit funds \$16,257.
- (d) Army show and entertainment funds \$39,055.

Total \$5,674,589.

Mr. CROLL: Can you point that out in the record here? Probably they have got it down but I haven't seen it yet.

The CHAIRMAN: Section 4 of the blue tabs.

Hon. Mr. CLAXTON: It is at section 4. Pull out the tab and you will see the items to which I am now referring.

Mr. MARSHALL: Those militia units have no existence today.

Colonel STEWART: They have been disbanded or are in the process of being disbanded.

Mr. COCKERAM: Militia units.

Colonel STEWART: No war time units.

Hon. Mr. CLAXTON: Included in the item, receipts from the national auxiliary organizations, is \$62,591 due to the Royal Canadian Navy and \$59,983 due to the Royal Canadian Air Force which it is proposed to transfer to the benevolent funds of these services. There is a question as to the entitlement to the amount of \$39,055 shown as Army Show and Entertainment Funds, some of which came from various sources for assistance in show clearing, reforestation, etc., by active army personnel.

Further moneys are still to be received from the National Auxiliary Service Organizations Overseas Operations, but the final audited statements are not expected until later this month. In this connection, there may be some charges to be made against the organizations such as for hostel accommodation paid by the department and possibly in connection with the liquidation in currency obtained in Holland which has not yet been redeemed. Further moneys will also be forthcoming from the N.A.A.F.I.

I have mentioned the benevolent funds of the navy and air force. There is the Canadian Naval Service Benevolent Trust Fund and the Royal Canadian Air Force Benevolent Fund which were both established before the former committee of this House met in 1942. Naturally you will wish to look into the setup and administration of these funds with the thought that while we can all learn from past experiences, it may be generally desirable to ensure that as far as possible the canteen funds of Canadian veterans are dealt with in much the same way, irrespective of whether the veteran happened to serve in the navy, army or air force.

In the present reference however, we are only dealing with the disposition to be made of army canteen funds. This was the subject of a report by a committee made on August 30, 1941, signed as chairman by J. M. Macdonnel, who has since become the hon. member for Ontario-Muskoka. One conclusion of that committee was the view that at that time it was too early to make any recommendation as to the use that might eventually be made of the funds.

Mr. COCKERAM: Could we get copies of those reports? Have you got them there? I was not here on Monday but I believe they were given us.

The CHAIRMAN: The authority to print that report was given at the last meeting, and I believe they have been distributed.

Hon. Mr. CLAXTON: You will find a summary of their conclusions and their recommendations at section 5 of the folder. There was also a parliamentary committee set up by resolution of the House of Commons on March 24, 1942

under the chairmanship of Mr. Ross Macdonald, the hon. member for Brantford and now the Deputy Speaker of the House. This committee made its report on July 22, 1942. Its final conclusions appear at page 287 of the Minutes of Proceedings and Evidence of the Committee and reads as follows:

#### UTILIZATION OF CANTEEN SURPLUS FUNDS AFTER THE WAR

The question of ultimate disposal of canteen surplus funds remaining after the war, either from unexpended profits or from salvage or stock and equipment, is one which requires further and intensive study before precise policies can be laid down. The board, hereinbefore suggested, could, within the general principle that the funds must be used for the benefit of ex-service men and women and their dependents, give study to such proposals and plans and report the results to future committees of the House for consideration before final recommendation is made to parliament.

There was also an interservice committee set up on March 26, 1943, which recommended that there should be three separate funds.

On June 14, 1946 my predecessor as Minister of National Defence, the Hon. Douglas Abbott said:

We are giving careful consideration to the whole question of canteen funds. I have asked the officers of my department to get me certain information in connection with them. Although I will not make any positive statement to this effect, I think I shall wish to suggest that at the next session of parliament we set up another committee on canteen funds, because the question is an important one. Substantial sums of money are involved. My present view is that it would be well to have the question considered by a committee of this House, but I do not think it would be possible to do it at this session. I make this statement in reply to my honourable friend's question in order that he and others interested may know the way we are thinking about it at the moment.

Accordingly the first possible opportunity was taken to cause the present committee to be set up.

I should add since the cessation of hostilities submissions have been received from the Canadian Legion and also other organizations and individuals regarding the use of surplus canteen funds for assistance to veterans.

Those submissions are contained in section 10 of the folder that has been put before you.

Pending the setup of some permanent army benevolent organization, arrangements were recently made for an advance of \$50,000 of these funds to the Department of Veterans Affairs to be used to meet any particularly urgent necessitous cases which cannot be met through any other channels, the money to be applied along lines generally similar to those followed in connection with the Naval and Air Force Benevolent Funds.

No doubt your committee will be ready to receive representations from such organizations as the Canadian Legion. I should also at this time like to bring your attention to the natural desire of the national auxiliary organizations that the funds accumulated through their management should be disposed of in the best interests of those for whom these funds were accumulated.

Once again I offer the cooperation of this department in your work. If there is anything that we can do you have only to call on us.

MR. CRUICKSHANK: I want to ask one question. I see in section 10 there is a letter addressed to the deputy minister which is marked "personal and confidential". How did this get into a public file? I am going to be pretty careful

in what I write if this is the treatment which is going to be given the documents marked in this way. It should not be here when it is marked "personal and confidential". The point I wish to make is that I certainly am not going to write in to the Department of Veteran's Affairs a personal and confidential letter if it is going to be circulated around.

Hon. Mr. CLAXTON: The letter comes from the District Administrator of the Department of Veteran's Affairs. It is addressed to the deputy minister but I have no doubt that the deputy minister secured the assent of the administrator to mention this to the committee.

Mr. CRUICKSHANK: That should be clear on the notes.

The CHAIRMAN: I am inclined to agree that letters marked in that way should be kept so but I have no doubt that the deputy minister secured permission before including it.

Mr. CRUICKSHANK: Then that should be attached to it.

The CHAIRMAN: That is probably correct but it has no bearing on our deliberations. I do not think it affects the powers and privileges of this committee.

Mr. CRUICKSHANK: This record is being kept here and I intend to send copies to the Legion, and I do not want to think that they cannot write to the minister a personal and confidential letter. If permission has been given in this case to use it then it should be noted.

Hon. Mr. CLAXTON: We will have the question of whether permission was given verified and somebody will come before the committee with the authority of the writer of the letter to remove the words "personal and confidential" from the letter.

The CHAIRMAN: Now, while we have the minister with us and you have before you this booklet which has been prepared by the department—there is a good deal of information in it—before we proceed to the report from the secretary covering certain communications of which he will give you a summary prepared for your convenience—with the minister's permission, if any of the members desire to ask him any questions we might do that now.

Mr. MARSHALL: Are there any canteen funds left from the first world war?

Hon. Mr. CLAXTON: The answer is yes.

Mr. MARSHALL: There are some?

Hon. Mr. CLAXTON: Yes.

Mr. MARSHALL: How much is there? Although we are dealing with the second world war it does have some effect.

The CHAIRMAN: Col. Stewart has that information.

Colonel STEWART: They are under Veteran's Affairs and I think Mr. Dixon reported on this at the last committee.

The CHAIRMAN: That is correct, we had Mr. Dixon. You remember that the canteen funds were allocated, by province, to the provinces. I am told that the Toronto district area still has some money but the Vancouver district was out of money very early in the game, probably because after the last war, as after this one, more soldiers went there than had enlisted there. In the depression times things happened to this fund. Actually there is no connection between that fund and the fund that is before us beyond the fact that we hope we can learn from other people's mistakes. For any information we want on that fund we will have to call the officers of the Department of Veteran's Affairs.

Mr. CRUICKSHANK: Concerning the present war funds are they invested in government bonds or in cash?

Hon. Mr. CLAXTON: The largest part is in the hands of the Receiver General and part is still in the hands of the Bank of Montreal.

Mr. CRUICKSHANK: They are not invested in any revenue bearing bonds, they are cash or government security?

Mr. MARSHALL: There are some bonds according to the statement here.

Mr. CRUICKSHANK: Are they government bonds?

Mr. MARSHALL: Yes, \$293,000.

Hon. Mr. CLAXTON: In the case of funds that came from disbanded units some came in cash and some in the form of bonds and largely they are being kept in the form in which they were received.

Mr. CRUICKSHANK: Then I take it—we all know that after the last war certain stocks were bought and the prices went down—what I am interested in is that none of the canteen funds from this war are invested in anything other than government securities or such.

Hon. Mr. CLAXTON: That is correct. My understanding is there are some \$293,000 invested in Victory Bonds and that the rest is in cash.

Mr. COCKERAM: Those investments were made by the individual units themselves.

The CHAIRMAN: On the recommendation of the committee in 1942.

Mr. COCKERAM: May I ask the minister another question? Has all the foreign exchange been converted into Canadian dollars up to date?

Hon. Mr. CLAXTON: Except the remaining balance of Dutch guilders which is relatively small.

Mr. CROLL: I wish I knew where to convert mine.

Mr. COCKERAM: I understand that \$5,000,000 odd does not represent the total amount of the fund we are dealing with or are to deal with.

Hon. Mr. CLAXTON: There is some more to be received about which we expect to have particulars by the end of this month.

Mr. COCKERAM: You would not care to give the committee the sum.

Hon. Mr. CLAXTON: I understand that it will be under \$250,000.

Mr. COCKERAM: That is after selling all the furniture and so on.

Hon. Mr. CLAXTON: Yes, that is correct.

Mr. FULTON: I want to raise this question about this confidential letter and ask if any reply was ever sent. The last paragraph asks Colonel Woods whether he will welcome any recommendations from the Montreal Rehabilitation Committee or whether he would prefer that representations be made to the Department of National Defence. I wonder if any recommendation was made, because I have not been able to find it in this folder. I wonder what proposal was put forward and what was the attitude of the department concerned to that suggestion.

The CHAIRMAN: That is on page 2 of the letter.

Mr. FULTON: Yes. It seems that Mr. Hague has considerable knowledge of the problem here and I would imagine any recommendation he made would be valuable. I am wondering if he made one and where it is and whether we can get it.

Hon. Mr. CLAXTON: As you probably know Colonel Hague is a veteran with a distinguished record in this war and had service in the previous war when he was with the artillery and he has remained continuously associated with the militia throughout. On account of the fact that he is a veteran of the two wars and has had experience as an administrator of the Department of Veterans Affairs, his views would have considerable value. If it is the wish of the committee we will make him available to you. We will also look into the point you raised.

Mr. FULTON: I do not think the minister quite understands. It would appear that Colonel Hague may have made some recommendations and I think it might save time for the committee and for Mr. Hague if we could get information on that recommendation.

The CHAIRMAN: My information from the department when I got this folder is that all the communications which had come to the Department of National Defence had been copied and included here, and they had acknowledged them and passed them on for later consideration. My impression is they have not been given any consideration beyond acknowledgment.

Mr. PROBE: It would appear there have been various committees functioning on the disposal of funds from the last war. We have a number of committees set up already with respect to the disposal of funds acquired during this war. As I look at the terms of reference we are not going to consider the control and disposition of any funds whose control is already arranged for. I presume that that is correct?

Hon. Mr. CLAXTON: Yes.

Mr. PROBE: Will an opportunity be given for the examination of funds that are still active following World War I and in the hands of organized groups so that there may be some opportunity of integrating future disposal on a unified basis rather than to have overlapping conditions? That is the point I am interested in.

The CHAIRMAN: With respect to that the funds from the first war are a separate entity and they passed from our control, other than a matter of audit, when they were apportioned to the provinces.

Mr. MARSHALL: The dominion government did keep part of the funds.

Colonel STEWART: Some \$20,000 was kept.

The CHAIRMAN: I did not know the exact sum. Thank you for telling me. In any case those funds have become the property of the responsible provincial boards and provincial governments have assumed some responsibility for those boards. They did in one case because the taxpayers had to make good some shortages. We will not be in any way responsible for them. I have been promised, however, that all available information will be given to us and witnesses will come and tell us what has been done with respect to the funds that you mention, Mr. Probe. The air force and navy have been mentioned in this booklet which we have received this morning and there is a summary here as to what they have done for our information and perhaps guidance. In a moment or two the secretary will tell you that some people have suggested that we just adopt the air force scheme, put that into practice and go home. In connection with these things we have an offer from these people to come and tell us what they are doing, but they are not to be before the committee with a view to our questioning their performance.

Mr. PROBE: Is it true that the funds allocated to the R.C.A.F. are now beyond the jurisdiction of this committee?

The CHAIRMAN: Yes. Of this committee, but of parliament no.

Mr. CRUCKSHANK: Nobody is critical but I understand the minister to say that there is \$250,000 roughly not turned in yet.

Hon. Mr. CLAXTON: There is a sum which would not be more than \$250,000 that we expect to receive.

Mr. CRUCKSHANK: I am not casting aspersions on anybody but I want to know what check we have on that \$250,000. For instance has some colonel of some battalion got these funds under his jurisdiction? That is a lot of money that belongs to these boys. What control is over it until such time as it is turned in?

Hon. Mr. CLAXTON: The funds which may come are still subject to the control of the regulations regarding canteen funds and subject to the control of the Regimental Funds Board and just as soon as they are made available and a report is made that report will be put before this committee.

Mr. CRUICKSHANK: I think Colonel de Lalanne was chairman of that board. These funds are still subject to audit by the department.

The CHAIRMAN: All canteen funds and mess funds are subject to district audit and to headquarters supervision during the period they are in the hands of regiments, whether in peace time or war time subject to the usual orders. I do not know which funds these are. Are they residue?

Colonel STEWART: The funds of regiments and institutes of all wartime active units were frozen as of September 30, 1946 and those units now are in the process of liquidation and supporting statements are coming in for each institute or each regiment accompanied by their statements covering the disposal of furniture and equipment as it is being disposed of.

The cash is being deposited in the Bank of Montreal in each district and will be transferred to the bank of Montreal here. We have direct control of it.

Mr. CRUICKSHANK: There is no suspicion of anybody but after all \$250,000 is a lot of money and we are here to protect it.

The CHAIRMAN: These funds are frozen and the regiments have no control over them. They are clearing them through the Bank of Montreal in Ottawa.

Hon. Mr. CLAXTON: I should add for the information of the committee that Mr. Cruickshank referred to Colonel de Lalanne who spoke for the canteen fund board before the Committee in 1942. He has been demobilized and returned civilian life but I feel sure that he would be willing to give us the benefit of his information. He was succeeded by Colonel Stewart, who has carried on since and occupies the same position.

The CHAIRMAN: Are there any further questions—

Mr. COCKERAM: I wonder if it is possible that Colonel Stewart could let this committee have the amount of money which was turned in by the units active in the militia today. My own regiment and your regiment Mr. Chairman turned in certain sum of their own and they are looking for them to be perpetuated in the militia today. I want to see we get our private funds back if we can.

The CHAIRMAN: There is provision for all regiments like ours. When the first battalion went overseas they gave them \$1,000 and that is now expended. They have to recover the original grant of money. Everything beyond that has been taken into the consolidated revenue and becomes part of this \$5,500,000.

Mr. COCKERAM: In view of the present state of the militia it will take some consideration.

Mr. LENNARD: All militia units can recover these funds if they apply through the district officer commanding. They get only the original amount.

The CHAIRMAN: They get that.

Mr. FULTON: I understand that Colonel Stewart has a statement to make and it might clear up any doubt we have in our minds.

The CHAIRMAN: I just gave a few moments so that any member of the committee could ask questions before the minister goes. When you are through we can proceed with the regular business.

Mr. CRUICKSHANK: I would like to ask the minister whether in so far as he is concerned our order of reference only permits us to go so far as to inquire into the army funds of this war. I for one am just as much interested as to what has happened to the air force and the naval funds of this war. I have veterans of the navy and air force in my district just as much as the

army and I am interested in knowing if so far as the minister is concerned we will be permitted—after we have handled the one job—to check on those others. I think they are just as important as the army.

Mr. PROBE: If the minister would give us a bit of the history for the record on the setting up of the air force and naval funds or perhaps Colonel Stewart might do that.

The CHAIRMAN: You have it in front of you.

Mr. PROBE: I have not read it.

Mr. CRUICKSHANK: I asked the minister a question and I would like to know his reaction.

Hon. Mr. CLAXTON: In reply to Mr. Cruickshank I should say that parliament has control of the terms of reference of its committees and the terms of reference of this committee do not give it power to examine the funds of the Air Force Benevolent Fund or the Naval Benevolent Fund but I have said that in order that you may have the advantage of seeing what disposal was made of these funds and in order that you might judge how the matter should be dealt with with regard to the Canadian army fund all available information will be made available to you.

Mr. CRUICKSHANK: If we bring in from this committee a request to parliament that our order of reference will be widened we will have your entire support?

Hon. Mr. CLAXTON: I did not say that.

Mr. CRUICKSHANK: I hope you will say it.

Hon. Mr. CLAXTON: The order is very plain indeed. Back as far as 1942 the air force and the navy had established funds and have since dealt with them and the matter has been disposed of. Those funds are still subject to audit and verification but they have been under the administration of their own committees ever since.

Mr. COCKERAM: By concurrence of parliament.

Hon. Mr. CLAXTON: I do not know of any legislation.

Mr. COCKERAM: Hasn't the air force added to their fund from private means or am I wrong?

Hon. Mr. CLAXTON: Yes that is right.

Mr. COCKERAM: Substantially, is that true?

Hon. Mr. CLAXTON: Yes.

Mr. COCKERAM: Has the navy done the same.

Hon. Mr. CLAXTON: Yes.

Mr. COCKERAM: The army has not?

Hon. Mr. CLAXTON: Correct.

Mr. COCKERAM: Poor old army. That is probably the reason is it not?

Mr. PROBE: The point is that the totals of the funds according to the statement with respect to the army, navy and air force in the central trust fund varies so greatly. Certainly some of the money that was received as the result of the canteen operations of the navy and air force has gone to other places than the central trust fund.

Hon. Mr. CLAXTON: Yes.

Mr. PROBE: I am aware that that has been the case but I thought—for the record—the minister should give an explanation as to how the Naval Service Benevolent Trust Fund and the air force fund was authorized to carry on its own benevolent work, and why we are now dealing with the army by itself.

The CHAIRMAN: You are not contrasting the figures of this number 4 here?

Mr. PROBE: Well I am as it stands.

The CHAIRMAN: While the minister is contemplating what he is going to say may I point out that the \$62,591 due to Royal Canadian Navy and \$59,983 to the air force, are balances of funds of, roughly speaking, \$1,000,000 to the Navy and \$2,000,000 to the Air Force. These balances were in the fund before they established their benevolent funds and provisions for their transfer have not yet been made by order in council.

Mr. PROBE: Now if we can get a statement indicating by what authority the various funds have gone on, the naval services and air force—

The CHAIRMAN: They did not go on. They were never out. That is all we ever had.

Mr. PROBE: How do we get this thing? Would the minister clear that up?

Mr. CRUICKSHANK: If my memory serves me correctly we discussed at the last committee meeting of the canteen committee the suggestion that the permanent air force was trying to build up an Air Force Benevolent Fund on say a normal ten thousand men.

The CHAIRMAN: 2,250. (2,250).

Mr. CRUICKSHANK: Then it built up to a peak during the war of say 50,000.

Hon. Mr. CLAXTON: 200,000.

Mr. CRUICKSHANK: This came out at the last committee meeting and the point I want to check on is that the permanent air force would very much like to have had this fund built by 200,000 men for the benefit of 2,000 or 3,000 of the permanent air force. We had it strenuously fought out at the last canteen committee meeting in 1942. For that reason I for one want to have some knowledge and check on exactly what is done with the benevolent fund. Now to say that private donations were made is all right. I know that in Vancouver private donations were made to the army the same as to the air force. I think that goes in Toronto too and in any other city. I am not suggesting that in the administration of the benevolent fund for the air force that it is for the benefit of the permanent force. I do not know and I want to know exactly how that money is spent and how it is safeguarded by the various committees or in the various provinces and how it is allotted to the various provinces. In other words I want the same information on the air force so far as it is concerned as is available for the army.

Hon. Mr. CLAXTON: All the information that you have asked for should be available if it has a bearing on the army fund.

Mr. CRUICKSHANK: Thank you.

Mr. COCKERAM: In the case of the air force there is a definite amount going back to the permanent force. \$45 for an officer, \$25 for a sergeant and \$20 for a man coming out to the permanent force.

Mr. CRUICKSHANK: I think they contributed something of that.

Hon. Mr. CLAXTON: If on some occasion the committee will want to examine the history of the Air Force Benevolent Fund, then there will be made available full information on that. Similarly if you want it information on the Naval Benevolent Fund will be made available to you. If you will let Colonel Stewart know on what date you want the proper people to come we will arrange that they will be here to give you all the information they can.

Mr. FULTON: It seems to me that raises the question of the procedure of the committee and I would put forward the suggestion as to whether it would not be advisable to strike a steering committee so it could be carried on with some order and we could agree as to what witnesses should be called. I would suggest that if we come to some agreement as to procedure it would cut down time for discussion a great deal.

The CHAIRMAN: There was a discussion at the last meeting of the committee at which we organized ourselves and I raised the question of a steering committee. The committee felt that until they knew more definitely what was before them and what the nature of it was nothing could be done. I would be very happy to have the services of a steering committee but it is in the hands of the committee as to the procedure by which that should be done. Today has been an excellent example of the necessity for it. Obviously we have to go about the business of the terms of the reference and then find out the order in which these other extraneous matters can come before us, in order that we may benefit by the experience of other people. We are a committee of twenty-three altogether and if someone would like to make a motion with respect to that I would be glad to select from this committee a steering committee which I think would be representative.

Mr. CROLL: May I suggest that this committee leave the matter to the chairman to name a steering committee, and to keep it in mind that he should keep it in balance.

Mr. FULTON: I am glad it appears that there is no reason why we should not strike such a committee.

The CHAIRMAN: Every reason why we should.

Mr. FULTON: I will move accordingly. I think I will include words to the effect that the chairman should be empowered to name the committee.

The CHAIRMAN: Would you care to add what the number should be?

Some Hon. MEMBERS: Five including the chairman himself.

The CHAIRMAN: Then it is moved by Mr. Fulton that a steering committee be appointed consisting of five members, to be named by the chairman. You have heard the motion, all those in favour say aye?

All MEMBERS: Aye.

The CHAIRMAN: Contrary? (None).

Then I declare the motion carried.

The CHAIRMAN: That committee will be functioning if anyone will do the work before the next meeting, and everybody will, I am sure.

Now, we have with us this morning Colonel Stewart. Colonel, have you anything in the nature of a general statement you would like to give in addition to what the minister has said?

#### **Colonel A. W. O. Stewart, Department of National Defence, called:**

The WITNESS: Perhaps I might explain the disposition of these funds, and what we are doing.

The CHAIRMAN: Colonel Stewart is going to analyze for you the funds on "4" in your book.

The WITNESS: Mr. Chairman and gentlemen, the first item on financial statement "4" deals with the Central Trust Fund. On the recommendation, of the MacDonnell Committee, or some other committee of the House of Commons it was suggested that a board of trustees be set up to deal with these funds, and action was taken to set up a committee of custodians. The committee of custodians consisted of Brigadier de Lalanne, Mr. Graham Towers and Dr. Clark of the Department of Finance. After several meetings the custodians decided it would be difficult to keep the funds adequately invested and it was agreed that they be turned over to the Receiver General and set up in a central trust, army, navy and air force canteens. These funds which were turned over to the Receiver General bear interest at  $2\frac{1}{2}$  per cent, credited semi-annually. The total amount paid into this fund of \$2,883,457 is represented partially by moneys

accruing from the various canteens operated by the four national voluntary organizations and we keep accounts of the money so paid in. The air force's and navy's shares appear to be rather small, but that is due largely to the fact that from 1942 on they have gradually replaced the canteens operated by these organizations by canteens operated within their services. So, actually, the small amounts that have been going in to the navy and the air force account each year have been mostly due to, shall I say, the small amounts that would accrue from, for instance, canteens operated on Barrington street, Halifax, and perhaps in Toronto and Winnipeg, where there is no commanding officer to whom to pay the 5 per cent. Cheques representing five per cent of sales of such canteens come in to us and we redistribute them, in the case of Halifax, on the basis of the proportion of services represented, I think if I remember correctly it was 50-38-12 percentage that was credited to the various services in Halifax.

Army Unit Trust Fund—disbanded units: This fund represents the balances of wartime active units that have been disbanded. From time to time units throughout the service, both in Canada and overseas, have been disbanded—and sometimes the personnel are reposted to new formations—but as each unit has been disbanded its surplus has been withdrawn and the furniture and fixtures liquidated, and the proceeds have been remitted to us in trust in the name of the actual unit from which that money was withdrawn. We will not be able to finalize all accounts, I do not think, until about the 30th of April. The last accounts have not yet come back from overseas. The liquidation of active units is proceeding very rapidly in Canada now, where boards of officers have been set up to appraise the furniture and fixtures and other assets. Ordnance and continuing units are buying some of this equipment at the appraised values. The rest goes by public auction, and it will be about the 30th of April before the liquidation and realization statements are in and the fund consolidated in the Bank of Montreal.

Army Show and Entertainment Fund: That fund contains a number of small amounts which consist principally of gratuities made by civil organizations for services rendered by the troops. In the early days there was no provision for the collection and deposit of this money. For example, the C.P.R. might have asked for assistance in snow removal at some point or requests might have been received for assistance in fighting forest fires. By way of showing their appreciation for such assistance they gave donations. There was no provision for the distribution of that money at the time and so it was all drawn in from the military districts. There was doubt expressed as to whether the money belonged to the consolidated revenue or whether it should go to the troops who actually performed the work. It was decided to set up the army show and entertainment fund, and it has since been increased considerably. \$24,000 originally was taken over from Military Districts and paid in to the Receiver General. Since then another \$25,000 has been received and paid into the district treasury officers and transferred to the chief treasury officer for deposit in the Army Show and Entertainment Fund. There is now a routine order covering such moneys.

The CHAIRMAN: That is \$68,000 odd?

The WITNESS: \$39,000 odd. I forgot to mention in connection with the army unit trust fund that regulations have been published in routine orders in Canada and overseas, covering the disbandment of units, are out of print. I will have copies made and they will be available for distribution to the members.

Army Unit Trust Fund No. 3: That is simply a small fund of \$16,257. Sometimes during the course of reorganization or plans for training certain reserve units revert to a state of dormancy or are disbanded. In those particular cases we have drawn that money in for safe keeping and deposited it in the Bank of Montreal. The policy is, where the G.O.C. command concurs in a recommendation of a board of officers which is established for the purpose,

these moneys are returned to a reactivated unit, or if the great majority of the personnel of the disbanded unit goes to another unit we allow those funds to follow the personnel.

Mr. CRUICKSHANK: Suppose an army camp bought a piano or chesterfield and they are disposed of?

The WITNESS: That goes into the second fund (b).

*By Mr. Fulton:*

Q. Do any of the amounts shown here include any of the funds referred to previously this morning as funds which units are going to be able to withdraw? Are they funds contributed say by women's auxiliaries?—A. Yes, this (b) army unit trust fund. When I have those disbandment instructions available for you gentlemen you will see a paragraph where in it is stated—that N.P.A.M. or reserve force units who gave or loaned moneys to counterpart active units may make a claim to recover that money. We have about 47—claims—we have records of about 147 N.P.A.M. or reserve units who gave or lent moneys to wartime active counterpart units, and today we have received claims for the recovery of those amounts from only about 47 units.

Q. May I ask you what steps have been taken to acquaint the units? A. Yes, we have asked for action, and it has been published in the command orders; we have asked that every effort be made to get in these claims, anticipating such a committee as we have today. So far the result has not been satisfactory. But of the 47 claims we have received they represent a very great bulk of the total sum that was advanced—

Q. Would you be able to let us have at the same time you make this other information available a statement as to the proportion of this item (b) which comprises that fund you referred to—how much of this \$2,735,000 is withdrawable? A. The total I have not with me, but I would say approximately that the total amount advanced by N.P.A.M. and reserve units to counterpart active units was \$170,000—no more than that.

*By Mr. Brooks:*

Q. Might I ask in connection with that if the money advanced were spent for colours for a unit going overseas or for some other permanent asset of the unit, would that money be withdrawn? A. There is a question there. It is in our regulations that moneys will be returned to the N.P.A.M. or reserve unit to the extent that the money they turn in permits. That would mean that if the N.P.A.M. unit advances \$1,000 to the men's canteen and the men's canteen only turn in \$200, as our regulations stand we could only return \$200.

The CHAIRMAN: The point of your regulations is that the unit cannot get the return of its money from another regiment which prospered more than they did?

The WITNESS: That is the effect of it; and in addition to that if the unit turns in \$1,000 from its canteen fund we could not take any part of that and reimburse the officers' mess of the reserve unit.

Mr. COCKERAM: No, but to reimburse the regiment for new colours that they purchase for the regiment; I do not see why they should not get it, because although it had not come from the regimental funds the money was spent for the benefit of the regiment.

The WITNESS: It depends on the source of the funds largely.

*By Mr. Cruickshank:*

Q. Suppose there is a regular army camp and there is also a reserve unit, would they get the first choice for a piano or a chesterfield or would the traders get it on the open market? A. No, that is not the case. Units are given an

opportunity to purchase at the appraised value and if it is not wanted at the appraised value it goes to auction.

Mr. FULTON: With regard to the statement made by the witness to the last question, it occurred to me that there might be some justification for saying that a N.P.A.M. unit had advanced \$1,000 to regimental canteen funds and while that canteen fund only turned in \$200, nevertheless the original advance should be refunded in its entirety. As I pointed out, during the war the principle was that if a canteen had recorded profits from time to time they were all turned into regimental funds and were frozen and included in that statement; therefore that canteen could have made profits on the original \$1,000 amounting in some cases to several thousand dollars which they would not have made if the original parent unit had not made them the advance, in that event the capital sum of \$1,000 may have been expended on some such thing as Mr. Brooks has referred to—the purchase of colours and so on. I question the wisdom of making a hard and fast rule that, simply because they did not turn in an amount equivalent to their original capital advance, they should not be allowed to get back that capital advance. Over the years they may have profits which would amount to more than the original capital. That is now frozen. Perhaps they should be allowed to get back their original capital out of the profits that have been made in the operation of the canteen fund.

The WITNESS: At the present time, as the regulations stand and as I have recited them, we have hoped that this committee would delve rather deeply into the various records we have, with the idea of expanding—

The CHAIRMAN: Am I correct in this, that you have undertaken to get a breakdown by units?

The WITNESS: Yes.

The CHAIRMAN: And when we get that—which I suppose will take a few days—we will be in a position to know whether a regiment contributed actually during the war \$1,000 into the consolidated revenue and only had \$175 at the end and therefore cannot get the \$1,000 back—that information will allow us to go into that?

The WITNESS: Yes. We have something over 5,000 accounts. There may be four institutes within one regiment. We have them all separate.

Mr. COCKERAM: About 800 or 900?

The WITNESS: Yes.

*By Mr. Brooks:*

Q. In large camps like Aldershot where there were many thousands of men going through all the time who did not belong to any particular unit and where there were also a number of N.P.A.M. who came into the same camp, were those two accounts kept separate—the non-permanent active militia canteen accounts and the other accounts of the men going overseas?—A. Yes, they were kept separate.

Q. You have nothing to do with those as far as this is concerned?—A. We receive reports from the N.P.A.M. We supervise their activities.

Q. Their funds are not invaded?—A. No, not in any way.

Mr. LENNARD: I agree with Mr. Fulton that the original amount donated to an overseas unit by a militia unit should be returned to that unit regardless of what the records show.

Mr. FULTON: I gather that we will have an opportunity to consider that point when these accounts are before us.

The CHAIRMAN: Colonel Stewart has agreed to furnish those accounts and when we have a breakdown we will be able to see who is getting a fair share and who is not.

The WITNESS: There appears to be a considerable hold-up in liquidating these payments from reserve units. There are one or two reasons for that. It would only double the amount of work if we attempt to make settlements with the units until the accounts are finalized. There may be more bills to pay or accounts payable to come in, for all we know, some undisclosed liabilities. It is quite possible if the committee considers moneys received from the sale of kitchen by-products, refuse—if that should go to the units it would increase the sum materially, so we have to wait until we can summarize the whole situation.

The CHAIRMAN: Now, gentlemen, are there any other questions with respect to this statement?

Mr. FULTON: Will Colonel Stewart be back?

The CHAIRMAN: He will be with us at each meeting. The next meeting will be Friday, when he will have further information for us.

Mr. CRUICKSHANK: I understood that there would be a statement tomorrow?

The CHAIRMAN: I asked, at the inception of this meeting for copies, for each member of the committee, of the order in council under which overseas units were asked to take a vote to decide what the disposition of canteen funds would be. There was some confusion there, and Colonel Stewart says this information will be available for you at the next meeting, and the result of the votes.

The WITNESS: Yes.

The CHAIRMAN: I will ask the secretary to give us a summary of the recommendations which have come in so far so that we may know what is in the minds of the people who are writing to us. The Canadian Corps will want to make representations and so will the Legion, but the secretary will give us the summary.

The CLERK of the COMMITTEE: (Reads):

#### ARMY CANTEEN FUNDS

##### PROPOSALS ADVANCED PRIOR TO APPOINTMENT OF SPECIAL COMMITTEE

*Greater Niagara Citizens' War Service Committee:*

Benevolent Fund similar to R.C.A.F. and Navy.

*Community Chest and Council, Vancouver, B.C.:*

Benevolent Fund similar to R.C.A.F. and Navy.

Set up same as Dependents Board of Trustees—central board to control fund with local advisory committees operating directly under the Board.

*Canadian Welfare Council, Ottawa:*

Benevolent Fund to be administered by Central Board on recommendations of professional social workers.

*Council of Social Agencies, Winnipeg:*

Benevolent Fund to be administered by Central Board—local boards to pass on applications after investigation by local welfare agencies.

*Edmonton Fusiliers Batt'n Association:*

Benevolent Fund to be administered by Boards of Trustees in each province—surpluses accumulated by units to be returned to associations (such as their own) for benefit of all ex-members of units.

*University of Western Ontario, London:*

Portion of the funds to be used for creation of Benevolent Fund.

Remainder of funds to be spent over 25 year period on education of children of veterans of World War II—"education" to include primary, secondary, vocational and university training—educational fund to be administered by provincial committees consisting of representatives of returned men, the Department of Veterans Affairs, the provincial department of education and the universities.

*Canadian Corps Association, Edmonton Branch:*

Benevolent Fund similar to R.C.A.F.

*Deputy Minister, D.V.A. (October, 1945):*

Until final policy determined, Benevolent Fund similar to Air and Navy.

Mr. PROBE: There is one thing which should be put on the record which has not been referred to up to now, and that is a clarification as to why the navy and air force benevolent funds are not coming within the purview of this committee. What is the history behind the setting up of those funds? Could we get that briefly on the record?

The CHAIRMAN: Could you answer that, Colorel?

The WITNESS: I do not think I could. It seems to me the legal aspect may be involved to some extent. I do not know. We have always held and considered that our funds are not free; that they have to go before parliament; but if there is any difference in that respect, as far as the air force and navy are concerned, I do not know.

The CHAIRMAN: You do not know what it is?

The WITNESS: No.

The CHAIRMAN: I think in order to get a satisfactory answer to that question we will have to have legal advice at some stage. I suggest respectfully to the committee that we have a sizable job in disposing of what we have before us.

Mr. PROBE: I am not asking for a bigger job; I am just trying to get on the record why these funds—

The CHAIRMAN: That may be a legal question. The senior and junior branches of the forces received permission somehow while the war was on to administer their own funds and they proceeded to do so. I think that the committee ought to have in mind two questions, and I think it will facilitate what we have to do: the first question we have to decide is whether or not with this sizable sum of money we are going to devise as a principle some method of spending it for the benefit of those who created the fund and their immediate dependents—that is to say, we are going to amortize \$5,500,000 over thirty years and get rid of it—or whether we are going to carry some fund in perpetuity, whether a corporation will continue to produce long after most of those who have contributed have gone. I think we can make that decision readily.

The second matter to which we ought to turn our attention is the principle which was put before the committee in 1942—was recommended by the Legion in 1942 or by Brigadier Ross particularly—he appeared in his own capacity after he had ceased to head the Legion—that the fund be kept in a central fund—whether or not the fund is to be kept in that way and administered locally, as it must be, and apportioned to those various districts in accordance with their need. We all know that after this war a regiment which came from Quebec, for instance, probably ended up with people in it who came all the way from Vancouver to Prince Edward Island. Some of these canteens were operated in Halifax where there were people from all over Canada or out in British Columbia where for some unknown reason a lot of old soldiers like to go. We had that

situation arise shortly after the last war when the funds apportioned to British Columbia certainly disappeared whereas those apportioned to the Toronto area are still substantial. We have to decide what we want—if we have a centrally held fund, whether the fund be kept intact or disbursed. You should have a copy of the summary of what happened last time. We planned today to discuss these things, but we did not do so because the minister was kind enough to come; but I think early in the game we each ought to decide what general principle we favour and then we can call witnesses for or against. I should like the committee to have a pretty fair concept in their minds of this matter before we start questioning witnesses at all. I shall have the assistance of the steering committee before the next meeting, and I shall meet with the steering committee if possible before that time, and I hope with their approval that we will be able to give you something in the nature of a general recommendation to get your teeth into.

Mr. LENNARD: The experience is that we can have too many treasurers.

The CHAIRMAN: Yes, we can. I was a member of that previous committee along with about eleven others, and I think most of us will be sympathetic.

The committee adjourned at 12.40 p.m. to meet again on Friday, March 14, at 11 a.m.

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SESSION 1947

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

# CANTEEN FUNDS

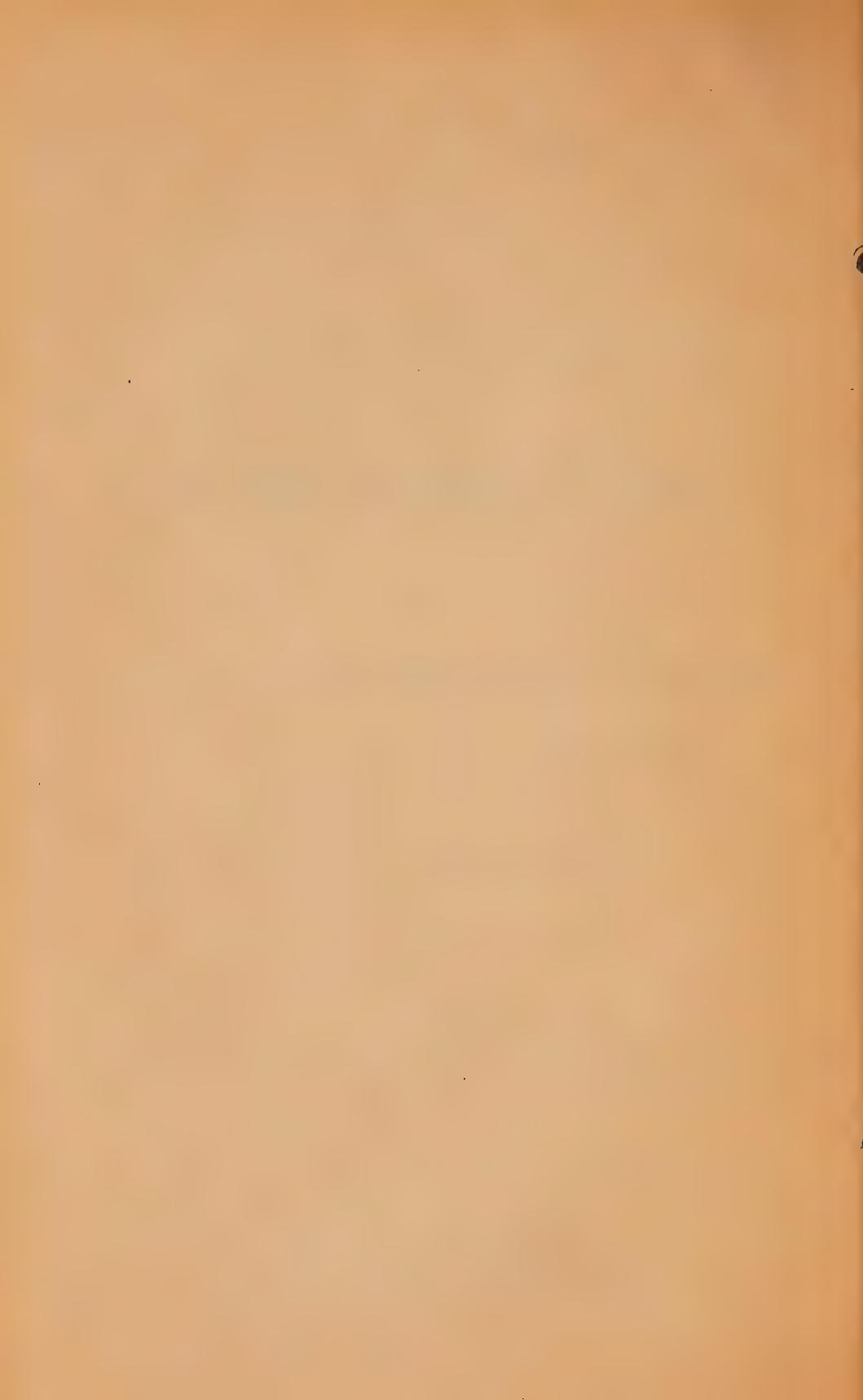
MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 2

FRIDAY, MARCH 14, 1947

WITNESS:

Colonel A. W. O. Stewart, President, Regimental Funds Board, Department of National Defence.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY.  
1947



## ORDER OF REFERENCE

THURSDAY, 13th March, 1947.

Ordered,—That the name of Mr. Wright be substituted for that of Mr. Castleden on the said Committee.

Attest.

ARTHUR BEAUCHESNE,  
*Clerk of the House.*



## MINUTES OF PROCEEDINGS

FRIDAY, March 14, 1947.

The Special Committee on Canteen Funds met at 11.00 o'clock a.m., the Chairman, Mr. Leslie A. Mutch, presiding.

*Members present:* Messrs. Baker, Benidickson, Brooks, Cockeram, Cruickshank, Emmerson, Harkness, Lennard, Marshall, Mutch, Probe, Whitman, Winkler.

*In attendance:* Colonel A. W. O. Stewart, President Regimental Funds Board, Department of National Defence, and Mr. J. W. Johnson, Assistant Chief Welfare Officer, Department of Veterans Affairs.

The Chairman announced that the Steering Committee authorized at the last meeting comprise the following members: Chairman, and Messrs. Emmerson, Lennard, Marshall and Probe.

The Chairman presented the following report from the Steering Committee—

Your Steering Committee met yesterday afternoon, March 13, and agreed to recommend that the Committee seek advice from persons charged with the administration of the canteen funds of World War I and from officers of the Canadian Naval Service and Royal Canadian Air Force Benevolent Funds, and that it invite representations from the principal veteran organizations.

In accordance with this decision, arrangements have been made, subject to approval by the Committee, to have Brigadier J. A. de Lalane appear before you. Tentative arrangements have also been made to have a representative of the Board of Trustees, Ontario Canteen Funds, here for our next meeting and to hear Mr. Justice Ross, a past president of the Canadian Legion, on Friday, March 21.

A letter has been received from the General Secretary of the Canadian Legion expressing the desire of that organization to submit a brief regarding the disposal of canteen funds and requesting that they be allowed until the 15th of April for its preparation. It is recommended that representatives of the Legion be granted a hearing as soon after that date as possible.

It is also recommended that the organizations comprising the National Council of Veteran Associations in Canada, i.e., Canadian Corps Association, Canadian Pensioners' Association of the Great War, The War Amputations of Canada, Sir Arthur Pearson Association of War Blinded and Army and Navy Veterans in Canada be invited to present their views.

Examination of Colonel Stewart was continued.

The Chairman tabled the annual report of the Royal Canadian Air Force Benevolent Fund for the year ending December 31, 1945, which is printed as Appendix "A" to this day's minutes of proceedings and evidence.

Colonel Stewart tabled copy of N.D.H.Q. circular letter dated 28th October, 1946, respecting funds and assets of messes and institutes, which is printed as Appendix "B" to this day's minutes of proceedings and evidence.

Colonel Stewart tabled a copy of Canadian Army Overseas Routine Order No. 6114, "Winding-up procedure for units being disbanded in the United Kingdom and repatriated to Canada", which is printed as Appendix "C" to this day's minutes of proceedings and evidence.

At 12.40 o'clock p.m., the Committee adjourned until Monday, March 17, at 11.00 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*

## MINUTES OF EVIDENCE

HOUSE OF COMMONS, March 14, 1947.

The Special Committee on Canteen Funds met this day at 11.00 a.m. The Chairman, Mr. L. A. Mutch, presided.

**The CHAIRMAN:** Gentlemen, I see a quorum.

You will remember that at the last meeting I was asked to arrange a steering committee and I am happy to report to you that Messrs. Marshall, Lennard, Belzile and Emmerson have consented to act with the chairman as a steering committee. We have had one meeting and I should now submit the report of that meeting for your approval:

(See Minutes of Proceedings).

I might add to that, gentlemen, that it was hoped that Brigadier de Lalanne would be here this morning to say a word or two about funds that were mentioned at our previous meetings. He has been held up for a day. He is here on this freight rate investigation professionally and it is his day in court. He will be here during the course of our sittings and at a later date we will have him before us. We have arranged with the Ontario organization to present a report and that will be done through their representative, Major Lewis, who will be here on Monday next. Also, as mentioned in the report, Mr. Justice Ross will be here on the 21st.

And now, the steering committee thought that whether or not we should sit twice a week would depend on the degree to which we can keep ourselves busy. I think generally the consensus of opinion was that we ought to get all the information we can before we begin our own deliberations, which is the natural order. We have set aside this morning for discussion of the whole canteen fund. We have with us Colonel Stewart, and he has answers to some questions which arose out of our discussion the last day. We have for distribution some material which he has provided for us; that is, there are various extracts from the army routine orders dealing with canteen funds, the Air Force Administrative Order dealing with the R.C.A.F. Benevolent Fund. Those were promised by Colonel Stewart and they are here for distribution.

I have one other suggestion before we begin our deliberations. We have also a copy of the annual report of the R.C.A.F. Benevolent Fund for the year ending December 31, 1945, signed by Air Marshal Leckie. I suggest for the approval of the committee that that report be printed as an appendix to the record. I think it would be of value to the committee in their deliberations. We have also been furnished with a copy of the balance sheet for the same period.

**Mr. MARSHALL:** Have you any report in connection with the operations of the Navy canteen fund?

**The CHAIRMAN:** No, we have not yet. I understand it will be available.

The chair will entertain a motion that that annual report be printed, if you so desire.

**Mr. MARSHALL:** I would so move.

**The CHAIRMAN:** Mr. Marshall moves that the report of the R.C.A.F. Benevolent Fund be included as an appendix to the report of today's proceedings. What is your pleasure, gentlemen?

Carried.

(APPENDIX A—R.C.A.F. Benevolent Fund report for the fiscal year ending December 31, 1945.)

Mr. CRUICKSHANK: When are we going to get the rest of this air force thing?

The CHAIRMAN: What do you mean, Mr. Cruickshank?

Mr. CRUICKSHANK: The amount of all sums that have been paid out from this fund and what has happened to them.

The CHAIRMAN: Oh, the history of it. I am in the hands of the committee as to that.

Mr. CRUICKSHANK: The reason I suggest that, Mr. Chairman, is that I am very much interested in it. I could probably get all the information I want here about the details, but until we have the complete information before us with respect to the air force, the army, the navy and everything else—I think we should have that before we ask the Canadian Legion to appear. I would like to have information as to what has happened with respect to the air force fund or any other funds together with the nature of the fund so as to have complete information about the various services. I have not read this but I presume that is what it is.

The CHAIRMAN: What I said, Mr. Cruikshank, was that we would arrange for the printing of the R.C.A.F. Benevolent Fund report and then if further information is required we will try to get it. My suggestion is that the committee should have before it all the information about these canteen funds which it can possibly obtain. If this report is too general we can perhaps have a more detailed one later, but it occurs to me that in the form in which it has been submitted it is more readable than would be an annual report.

Mr. CRUICKSHANK: The thing that you are having printed I presume gives a breakdown not only of the amounts but how they are being distributed and so on.

The CHAIRMAN: My belief is that the information is fully there.

Mr. MARSHALL: Are not the funds of the air force audited by the Auditor General

The CHAIRMAN: Yes.

Mr. MARSHALL: Therefore would they not be available to parliament as well as to the committee as a part of the Auditor General's report?

The CHAIRMAN: Did you see page 4?

Mr. MARSHALL: Yes, I noticed that; but the point I wanted to make is would this not be embodied in the public accounts?

The CHAIRMAN: Order, please; I cannot hear. What was it you said, Mr. Marshall?

Mr. MARSHALL: Would the report of the Auditor General not be embodied in the public accounts?

The CHAIRMAN: I am afraid I cannot answer that.

**Colonel A. W. O. Stewart, President, Regimental Funds Board, Department of National Defence, recalled:**

The WITNESS: I do not think so.

The CHAIRMAN: I do not think so, because the Auditor General is appointed auditor for this fund outside of his official position.

Mr. LENNARD: It says so here. My understanding is that it is to be printed as an appendix and attached to to-day's proceedings.

The CHAIRMAN: Yes, this report which is a summary.

(The chairman retired and Mr. Baker assumed the chair as acting chairman.)

The Acting CHAIRMAN: Gentlemen, if it is agreeable to the committee we will just carry on with Colonel Stewart. I am just pinch-hitting for about five minutes, so don't be worried.

Mr. LENNARD: Oh, we are not worried, we like to see you there.

The Acting CHAIRMAN: Thank you.

The WITNESS: Mr. Chairman, at the last meeting I promised to have prepared for the use of the committee routine order No. 5823, which deals with the disbandment of wartime active units in Canada; and also overseas routine order No. 6114, which deals with the disbandment of active service units. These have been prepared and are available for distribution; and on page 2 of routine order No. 5823, paragraph (vii) provision is made for the returning to NPAM or reserve units of money that they either gave or loaned to their counterpart wartime active units; and it was suggested, at least it is provided that boards of officers on disbandment could return these moneys to NPAM units before the moneys came into the regimental fund or control. In a few cases that was done. In the majority of instances loans or grants were made to wartime active units that were then overseas, and such cases would not be affected by this order. We would have no control of the funds of units overseas.

*By Mr. Brooks:*

Q. Are there any restrictions attached to the return of these moneys or may they use the funds for any purposes they desire?—A. You mean the money we have on hand?

Q. The money to be returned to the NPAM units?—A. There are no restrictions. It goes to the reserve units.

(Mr. Mutch resumed the Chair.)

*By Mr. Cruickshank:*

Q. What happens in the case of a swimming pool, for instance?—A. We issued instructions preventing the construction of swimming pools, bowling alleys and things of that kind in locations where they could not be of any use or value after the war. We confined those strictly to areas which it was considered would continue after the war. For instance, Camp Borden, Petawawa and Chilliwack and the Longue Pointe ordnance depot, and so forth. Swimming pools and bowling alleys had been built on government property and the question arises as to whether they revert to the Crown or not; that would be one of the functions of this committee, I think, to decide what is to be done with them; I mean whether the canteen funds are to be allowed something in lieu of them and such amounts as are allowed to be turned over to these area or units funds. That will probably come up during the course of your discussions. As it stands now we have advised those areas that they are to carry on as if the property belonged to the Crown and proceed with whatever maintenance is necessary with public funds.

I have also had prepared a copy of mobilization and embarkation instructions issued at headquarters overseas which provide that units proceeding to theatres of war deposit their regimental balances with the RFB trust fund overseas. During demobilization these funds have been remitted to Canada and we now have the funds here. There were certain restrictions as to what units might take to a theatre of war. The amounts allowed were all that it was deemed necessary for them to have and any surplus balances were then turned over to this trust fund.

Q. Now I would like to ask you in connection with sports equipment held by the units. I understand that some of it was sold by public auction. No doubt

it was duly advertised. What about the price obtained for the equipment? Did any of that go to the reserve army units, or was that done through War Assets?—A. It does not go to War Assets at all.

Q. Who did it go to; how was it handled, then?—A. Sports equipment has been considered during the life of the unit as being expendable and it is finally used up. Anything in that category purchased by the units with non public funds has been ordered disposed of by open sale and all moneys so collected will come in to the Army Unit Trust Fund here.

*By Mr. Marshall:*

Q. Who is responsible for the sale of these things?—A. The commandant of the camp and the area commander. A board of officers is formed and they consist of the district officer, the ordnance officer and one or more officers of the unit.

The CHAIRMAN: It is a board set up under the DOC?

The WITNESS: Under the DOC of each district.

Q. And it comprises a member of the regiment, a member of the ordnance department and a representative of the DOC?

The WITNESS: That is right.

Mr. BAKER: A great deal of that sports equipment, as we all know, came out of funds provided by the YMCA, the Knights of Columbus and the Canadian Legion.

The WITNESS: That has all been turned in.

Mr. BAKER: That has all been turned back to the respective bodies?

The WITNESS: Yes. Only the articles procured or purchased through canteen or mess funds, or regimental funds were considered during war time to be the property of the active unit, and they were the only ones disposed of in the way I have described.

The CHAIRMAN: After a period of time it was assumed that this equipment ceased to have any value, and then it was either written off or disposed of by public sale as the witness has told us. With liquidation of the units it was disposed of in the way that has been described and any moneys recovered as a result of the decision of the board of officers set up by the DOC went to the credit of the regimental fund. This board, as has been stated, comprised a representative of the DOC, ordnance and the regiment itself, and the board reported to the DOC. Is that correct?

The WITNESS: That is correct. A great deal of it had to be written off.

The CHAIRMAN: Most of it was.

The WITNESS: Most of it was, yes.

The CHAIRMAN: Now, gentlemen; we will get along better if we talk to the chair rather than holding conversations with one another.

Mr. CRUICKSHANK: I was just trying to clarify a question I wanted to put to the witness, Mr. Chairman. I want to get some information. It is all right to say, the value has depreciated. You can write off depreciation against anything; for instance, let us take this athletic equipment. Suppose it is fully written off, it may still have some value. What I want to know is what happens to it when it still has value.

The CHAIRMAN: Mr. Cruickshank, while you were holding a conversation with your friends down there I told the committee how it was done. I will repeat what I said.

What happened is that when a unit was to be disbanded disposal of the equipment of the kind that we are discussing was placed in the hands of a board comprising an officer of the regiment which has the equipment, a representative

of ordnance and a representative of the DOC. They valued it and disposed of it and the money was turned back to the regimental fund from which the funds came to purchase it.

Mr. CRUICKSHANK: That is just the point I am trying to get at. I appreciate the system of disposal, its details, but what I am concerned about is, all this equipment had a tremendous value and I think much of it should have been made available and should be available to this reserve army we are trying to build up. We are trying to build up this reserve army and unless we do more than we are doing now, just talking about it, unless we can supply these reserve units with athletic equipment of all kinds—I don't care about the value of it—what I am interested in pointing out is whether that stuff has remained available to the reserve units? As a practical example let us take the Seaforth Highlanders of Vancouver. I would like to know how they stand with respect to securing some of this equipment which is no longer needed for the active units.

The CHAIRMAN: We haven't come to that yet.

Mr. CRUICKSHANK: Well, I want to find out about it, Mr. Chairman. I want to know what chance the Seaforth Highland battalion has of getting hold of some of this equipment. Of course, it may have been depreciated; but as we all know much of it still has value. I am particularly interested in this thing. I only use the Seaforth unit of Vancouver as an example. What I am wondering is this, would they have preference for equipment of that type?

The WITNESS: Yes. The continuing units and the reserve units have a preference.

The CHAIRMAN: In point of fact they actually own it.

The WITNESS: The parent regiment has the refusal of it.

Mr. CRUICKSHANK: That is what I wanted to know.

*By Mr. Cockeram:*

Q. Except for that which is written off they take the rest of it into the reserve unit?—A. Yes.

Q. What is done with equipment that is written off?—A. It must be destroyed.

Q. I mean particularly that which is written off on account of depreciation?—A. If it is written off it is destroyed and a certificate of destruction is signed.

*By Mr. Cruickshank:*

Q. But what happens to it?—A. If it is of no use, I mean if it has no sale value, if it is of no use whatever it is destroyed.

Q. I am afraid I haven't got the point clear. Perhaps you have. I have not. What I am trying to get at is this: Let us take for instance a moving picture machine. A lot of different units had equipment of that kind. I can quite understand that it may be written off and that technically being written off it has no commercial value. Let us apply the case to the Seaforth Highlanders. What I want to know is would the continuing Seaforth reserve unit have a prior claim to equipment of that kind, would they have first refusal of it. I quite appreciate that it may be depreciated down to the point of being written off, but what I am trying to get at is would the continuing Seaforth Highlander unit have the opportunity of taking that moving picture machine equipment over, or in order to get it would they have to bid in the open market against Cruickshank or anybody else? I should think they should be entitled to first chance at it.—A. That is true, they have the first right to purchase it at its appraised value.

Q. They do not have to bid in the open market for it?—A. No.

*By Mr. Brooks:*

Q. What is the procedure followed? Let us take the Seaforth Highlanders or any other unit for that matter; if they want to purchase it, it must be left someplace.—A. When a unit is to be disbanded a board proceeds to the unit and appraises their property.

Q. Yes.—A. And where there is a continuing unit the continuing unit puts in an application for whatever it wants to buy and they set up a liability on their balance sheet; and then other reserve units in the area have the opportunity of buying anything at the appraised value which they may desire.

*By Mr. Cruickshank:*

Q. I appreciate all that, but where does War Assets come into the picture? The reason why I ask is because I have had complaints from units, reserve units in my district who want to purchase sports equipment and other kinds of equipment and they were told they had to apply to War Assets. Why do they have to go there?—A. We have nothing to do with War Assets.

Q. I appreciate that, but that is what they were told to do. I appreciate that you have nothing to do with War Assets, but if they are not to get this athletic equipment from them, I do not know where they are to get it. I have school boards and reserve units in mind. They are the ones who have been asking for athletic equipment and that sort of thing and they were told they would have to apply to War Assets. If they are not to get it from them I do not know where they will get it, and I do not know where War Assets get this stuff.

The CHAIRMAN: Apparently from what Colonel Stewart says they didn't get it from the regiments. There was a great deal of athletic equipment which was not serviceable but which was supplied by the auxiliary services.

Mr. CRUICKSHANK: What do you mean by auxiliary services?

The CHAIRMAN: The auxiliary services, such as the Canadian Legion, the Knights of Columbus, the YMCA and so on. These people owned I think probably more equipment than the army did.

The WITNESS: Yes.

The CHAIRMAN: That may be the solution. I do not know.

Mr. CRUICKSHANK: In other words, it is not army.

The CHAIRMAN: Well, it is not all army—

Mr. CRUICKSHANK: I mean, it is not service, it is the "Y", etc.

The WITNESS: Yes.

The CHAIRMAN: We have no knowledge here at the moment of War Assets having any equipment of this kind, but if they had they did not get it from us; if they have it it is not ours.

Mr. BAKER: We used to purchase a lot of equipment from the auxiliary services.

Mr. CRUICKSHANK: I am not objecting to that, that is not my point. I want to get information about it. I have had considerable experience in trying to get this stuff and I want to know where it is.

*By Mr. Brooks:*

Q. My understanding is that the unit has to take an inventory of this equipment and turn it over to ordnance; is that so?—A. No. I beg your pardon, you are speaking now of auxiliary service equipment?

Q. No, I am speaking of sports equipment which belonged to the unit itself and not of auxiliary service equipment.—A. No, it is not turned over.

Q. It is not turned over to anyone?—A. No, it is disposed of at the time of disbandment.

Mr. BROOKS: I cannot figure out yet how the reserve unit can buy back any of this equipment.

Mr. BAKER: I think you mean who is the custodian of the equipment?

The WITNESS: The only thing that we deal with here is what the army has purchased out of the regimental funds or canteen funds and which is there at the time of disbandment of the unit. When the unit is notified for disbandment a board of officers proceeds to the unit where it proceeds with an audit of the books and also to appraise and price furniture, fixtures and sports equipment which has been purchased out of the non-public funds, with the funds of the unit itself. Now, then, ordnance may wish to buy some of the furniture. If there is to be a continuing unit the continuing unit may buy some of its own furniture. The rest of it is available for the reserve unit to purchase at the appraised value, otherwise it goes to public auction; but it has nothing whatever to do with turning any of the articles over to War Assets. It is an entirely separate proposition, the unit property is liquidated completely.

*By Mr. Brooks:*

Q. Is the procedure that the reserve units buy some of it in if they want to; or is that all wound up now?—A. No, there are still sales going on. There are still units that are in the process of disbandment, units that are continuing into the post war organization, whose equipment has not so far been disposed of.

The CHAIRMAN: If I understand you correctly, Colonel Stewart, once the board of officers has appraised it the unit if it is a continuing unit has first chance, and following them any other reserve unit in the area which might want to buy it, they would have a chance of buying it before it went to public auction.

The WITNESS: That is right. I have a copy of the instructions here, Mr. Chairman. Perhaps Colonel Brooks would like to see them.

Mr. BAKER: I think you wanted to know who the custodian was, didn't you, George?

Mr. CRUICKSHANK: Yes.

Mr. BAKER: I think what Mr. Cruickshank wanted to know is to whom application should be made.

Mr. CRUICKSHANK: Yes. For instance, I will bring it right down to a request from a unit of my own district, the Westminster regiment: how would they find out where that stuff is now, whether it is now available? I do not know whether they know how to go about it or not, I am not in a position to say. If they wanted to find out if certain equipment was available to whom would they go?

The WITNESS: They would merely telephone the DOC of the district and he could tell them what is available and what is going on.

Mr. BAKER: That is the District Officer Commanding?

The WITNESS: Yes.

Mr. CRUICKSHANK: I have had letters from these people who want to buy this stuff and I want to find out where they should apply to. For instance, to whom should they apply in my district?

The CHAIRMAN: Perhaps gentlemen, it would clarify the matter if we had Colonel Stewart's statement on the record showing the regulations respecting these proposals: If that is included in our record not only will we have the information before us but a great many other people who read our record, as has been suggested, will then have in front of them in writing. Would you like to have it read, or just put in the record?

The WITNESS: I think I have a sufficient number of copies for everybody here.

Mr. LENNARD: It might be better to have it on the record. You might not have the copies you have there so that we could have it before us now. If it is in the record it will give us a complete picture.

The CHAIRMAN: Shall we include it as an appendix?

Mr. CRUICKSHANK: That is a good idea.

The CHAIRMAN: Moved by Mr. Cruickshank, seconded by Mr. Lennard, that this A.G. directive, dated the 20th of October, 1946, respecting funds and assets of messes and institutes be published as an appendix to the report of this day? All those in favour?

Carried.

(Appendix B: A.G. directive of October 20, 1946, respecting funds and assets of messes and institutes.)

*By Mr. Harkness:*

Q. May I ask the witness who appraises these assets, where they are located, who puts the price on them?—A. I just explained that that is done by a board of officers. That is provided for in here.

Q. Are the appraisals made by the board of officers whom you mentioned before?—A. Yes. It says, one or more officers of the unit to be disbanded, a representative of the district ordnance officer and a representative of the DOC.

*By Mr. Lennard:*

Q. There is one point I would like to clear up; do all these disbandments take place in the district in which the unit was originated, or were there disbandments in England, overseas?—A. There were disbandments in England.

Q. Was this equipment disposed of in England, or did it come back to the parent unit?—A. Very little equipment is coming back from England, very little.

Q. Then how can a regiment out in British Columbia buy equipment that has not been returned to Canada?—A. We are dealing entirely with disbandments in Canada in relation to order No. 5823. I was just coming to order No. 6114.

Q. All right.—A. There is also available for distribution overseas routine order No. 6114 which deals with the disbandment of units overseas.

The CHAIRMAN: I think perhaps to make this complete someone ought to move the inclusion of overseas routine order No. 6114 as an appendix.

Mr. BROOKS: I will so move, Mr. Chairman.

The CHAIRMAN: It is moved by Colonel Brooks, seconded by Mr. Lennard, that overseas routine order No. 6114 be printed as an appendix to the report of this day.

Carried.

(Appendix C: Overseas routine order No. 6114.)

All right, Colonel Stewart; if you wish you may go into that now.

The WITNESS: There is also available for distribution a copy of mobilization instructions overseas showing how units proceeding to the continent dispose of their furniture and equipment and also their funds. Furniture and equipment was taken into surplus storage and kept there for safekeeping until the unit returned for disbandment. On disbandment boards of officers were set up to appraise and dispose of furniture and equipment and the proceeds went into the unit account in the Regimental Funds Board trust fund overseas. They applied the same principle overseas, that anything of sentimental value or anything in the nature of a souvenir, things of that kind, definitely were to be

kept the property of the unit or might be returned to the NPAM unit counterpart. Anything that was considered to be of a sentimental value or to have historic value to the counterpart of the active unit might be returned to Canada.

MR. CRUICKSHANK: I want to ask you something there. Our pipe band was entirely equipped through the generosity of one man. I presume the same thing happened with other units during the course of this war. Now, what I want to ask you is this; will that automatically be the property of that band, that unit; it was given by a private individual; or will that be sold?

THE WITNESS: Under the regulations as revised here, no. Provision was made for any gift or fund made by private individuals or organizations to a unit to become the property of the unit itself. We have had many quarrels and arguments and letters about it. I gave so-and-so and such-and-such and I want it back and so forth. But all funds and moneys which come in are the property of the unit, very definitely. Perhaps I can explain the background for this business of disposing of furniture and equipment. The basis of that was that at the outbreak of the war the regulations we had governing messes and canteens and their operations was contained in K.R.O. (Canada), 1939, paragraph 998/1059; and Rules for the Management of Messes and Institutes. These regulations were divided into two parts, to cover units of the permanent force and also to cover the NPAM. It seems that in writing these regulations that it could not be foreseen that they would have to provide in the case of the permanent force for tremendous expansion to tens of thousands of men for a limited period of engagement, and in the case of the reserve units, the regulations were found to be totally inadequate for tens of thousands of men serving full time; so the regulations, or our Rules for the Management of Messes and Canteens, 1942, was published and circulated, and everything contained therein was based on the experience gained up to the end of 1941. We have placed a great deal of reliance for administrative purposes in paragraph 1058 (c) of K.R. which provides that profits arising from the operation of canteens must be spent for the benefit of the NCO's and men of the units. In paragraph 50 of the Rules for the Management of Messes and Canteens, 1942, it lays down that the profit from the operation of canteens must be spent for the collective benefit of the men of the unit. Paragraph 50 of RMMC seems to have been based primarily on that principle. We have applied as far as we possibly could the same principle in the supervision of officers' messes, sergeants' messes and regimental funds and other funds; because everyone who went overseas has an equity more or less in the funds of all the units that were still serving in Canada, and it has been the intent throughout to conserve as far as possible the funds of these units in the best interests of everyone in the service.

The exception contained in paragraph 50 (b) which provides that funds can be transferred to benevolent funds and other charitable organizations which are giving benefit to troops, has not been allowed because it appears it may conflict to some extent with paragraph 142 of the Army Act; and, on the other hand, it seems that it might lead to an invasion of the field of rehabilitation. If you had a great many small sums set up by units in the interests of the men of the regiment after the war, or for other purposes, you would find that a man who has been discharged from any particular unit, might have started off as an engineer, have gone on to the army service corps and then into the medicals; he might have eight or nine different funds on which he could call. It seemed that it would be better to control all funds so the men would have one place to which to apply for assistance. That is the background of this matter; or it really is the background of our supervision of these canteen funds; and as each of these wartime active units is a separate legal entity and has no relation whatever to either prewar permanent or prewar NPAM or postwar CAASF or CARF units it becomes incumbent upon us to liquidate the assets of these wartime active units and to protect their funds. The question

has often arisen as to whether or not NPAM units, and prewar permanent units, should have some of this money; why can't they have their equipment and so forth. Basically it is a matter of law; wartime active units are separate legal entities, and their funds and property must be liquidated and accounted for separately. I do not know whether there is very much more that I can add to what I have given you. I have here, Mr. Chairman, a brief summary of the Regimental Funds Board containing an up-to-date analysis of claims that have been dealt with.

Mr. LENNARD: We haven't got that.

Mr. CHAIRMAN: While that is being distributed, on the front page there is one item to which I would like to direct your attention. The sections are headed, "already repaid", "refusal recommended", "could be met", and "pending." I discussed this with Colonel Stewart and I think he would like to make it clear for our better appreciation of the significance of these headings that it might be better instead of saying "refusal recommended" if we would consider that section as being rather claims that are established but have not yet been paid out of current funds.

The WITNESS: Just before I go into that, Mr. Chairman, may I add, that in the best interest of all who served in the active forces, that upon the cessation of hostilities, steps were taken to partially freeze and then eventually to freeze balances in the hands of units. The strength of units were beginning to run down very fast. Strength was being summarily reduced and it was found that units had in their possession surpluses that had been accumulating over a period of years, amounts far greater than those present with the unit could ever possibly have accumulated; in consequence the surpluses of units overseas were restricted to 15 per cent on the 20th of May, 1945; and again on the 19th of October, 1945; and in Canada to 10 per cent from the first of May, 1945; and again on the 29th of May, 1946, to 5 per cent; and the surpluses were finally frozen as of the 30th of September, 1946.

Mr. BROOKS: I wonder if the witness would give us a statement showing a list of the units and the amount of money which had been paid into unit funds.

The CHAIRMAN: That is in the course of preparation, is it not?

The WITNESS: Yes; that is a list of the units that have paid funds into our account?

Mr. BROOKS: Yes.

The WITNESS: That is in the course of preparation; it is not final yet. We have not got our last statements back from overseas. I think I mentioned to you the other day, Mr. Chairman, that there are some 5,500 accounts and it would take some time to get all that information together. We are working on it and it will eventually be available. We will do it for you as quickly as we can get it out.

Mr. LENNARD: Is there any time limit as to the period during which a militia unit can make a request for the return of these funds?

The WITNESS: No, there is not. We set a time limit and indicated to commands that such claims should all be in by the 30th of June.

Mr. LENNARD: That is of this year?

The WITNESS: Of last year, but they have not all come in yet. No, there is no restriction whatever. We did try to put on a little pressure to get them in so that we could get on with our work.

Mr. BENIDICKSON: What is AUTF, what does that stand for?

The WITNESS: Army unit trust fund.

The CHAIRMAN: Would you explain the significance of the heading, "refusal recommended"?

**The WITNESS:** The rules we have followed all the way through is, where we have a copy of a resolution of a reserve unit voting a certain amount of money to an active unit, we check to see that the disbursement also appears in the financial statement of the reserve unit and the deposit in the statement of the active unit as well.

**Mr. CRUICKSHANK:** On the last page there is an item here which states that the position in regard to repayments would be altered if, for instance, proceeds of swill moneys were credited to units at some future date. What does that mean?

**Mr. BAKER:** Units used to contract for the disposal of swill. It is quite a large item and there was quite a bit of it. The revenue from that source did amount to quite a bit but apparently it was not allowed to accumulate in the regimental fund.

**The CHAIRMAN:** At this point it might be in order to remind the committee that there is a fund of some \$300,000 of swill money, and that is a wide-open account and is not included in this \$5,000,000-odd. Is that right, Colonel Stewart?

**The WITNESS:** No, it is not included.

**The CHAIRMAN:** That is what I thought, it is not included; but we have to dispose of it.

**Mr. CRUICKSHANK:** What is it?

**The CHAIRMAN:** There is in all about \$300,000 left from the sale of swill. There is some question as to whether or not that money should be appropriated to canteen funds. I am told there might be a nice legal question as to whether or not it is the property of the regiment. It was built up by the thrift of the regiment or establishment, by their thrift and good housekeeping, good business management. A considerable sum accrued, in all about \$300,000. I think it will be the duty of this committee at some point to make a recommendation as to whether or not that swill money is recoverable from the use of property of the Crown and should go to the consolidated revenue fund of Canada, or if it should go to the regimental funds. There was a considerable saving made, but it was made out of public money.

**Mr. CRUICKSHANK:** Pardon me, I ask this question for my own information; the only thing connected with that is swill, the refuse from food; is that all?

**Mr. BAKER:** That is all.

**Mr. CRUICKSHANK:** The point consists there that it was charged up to the unit as part of the ration.

**Mr. BAKER:** That is true, it came in as part of the ration. That is right.

**The CHAIRMAN:** So there is a nice question there. There have been some negotiations about it. I do not think anyone has ever openly suggested that the \$300,000 should be transferred to the canteen fund, but I think negotiations are now under way. Is that correct, Colonel Stewart?

**The WITNESS:** Yes.

**The CHAIRMAN:** Negotiations are taking place with respect to a settlement being made between the two funds. This committee may in its wisdom think that the boys earned the swill money in a number of different ways. However that may be, my point is that I think this committee will have to make a recommendation, a claim if you like, on behalf of the canteen fund for some part of that \$300,000. Perhaps some of the other members of the committee could give you the story more eloquently than I can as to how all these funds came to be separated.

**Mr. HARKNESS:** I may say, in connection with the swill, that during the first year the army was overseas each unit would make its own swill contract

and the money received from the sale of it went into the regimental fund. Then after about a year or so they got orders that they would no longer be allowed to treat it in that way—someone may be able to check me up on this—they had instead to send it to the Regimental Fund Board to be held in trust.

The WITNESS: That is correct. They were sent to the chief treasury officer and they were impressed with the name of the unit concerned.

Mr. HARKNESS: Yes. As I say, each unit made its own contract, and it was general understanding that the proceeds from sale of the swill when received were to be used for the benefit of the men, not at that time perhaps, but they were eventually to get that money. It was always the understanding that any money saved in that way would come back to the unit, that the unit would get it. It was generally understood that the better the salvage record the better off the regimental fund would be. However, as I say, that money never came back to us.

Mr. CRUICKSHANK: There must have been some reason for that.

Mr. HARKNESS: Our understanding was that this money would come back to the benefit of the fund. We had instructions to dispose of the swill, and the proceeds accumulated to a large extent because of efficiency in salvage methods which were put into operation. Some units had a very little of it while others had a very considerable amount, depending on the efficiency of their salvage plan.

The CHAIRMAN: I know that in the nonpermanent set-up a number of the regiments were allowed to eat their own swill; that is the money that came from these profits made in that way was applied in terms of mess benefits for the unit. Our fellows followed that practice for one year, and then somebody, I have no doubt, discovered what was going on.

Mr. HARKNESS: We did not make a profit on the contract. Each unit made its own contract, but we were not allowed to cash the cheque. If you cashed the cheque you let yourself in for serious trouble.

Mr. LENNARD: Under whose authority was that change made?

Mr. HARKNESS: It was an overseas army order.

Mr. LENNARD: I suppose we could find that out.

Mr. HARKNESS: No doubt issued from Canadian army headquarters overseas.

The CHAIRMAN: That would be signed by the chief army officer overseas and he is still alive.

The WITNESS: I can get that.

The CHAIRMAN: You can get the routine order?

The WITNESS: Yes, I will see if I can get a copy of it for you.

The CHAIRMAN: That would be fine, then we shall have the routine order. There may be something Colonel Stewart can add to it for the benefit of the committee. I have made a lot of it because I knew it was a matter which would come up. I think it is an important matter and one that we will have to decide.

Mr. CRUICKSHANK: You don't propose that we should take action on it right now?

The CHAIRMAN: I do not know that we have all the information.

Mr. CRUICKSHANK: What I am getting at is this, do you want a direct motion?

The CHAIRMAN: No, I think we should wait for the report. However, I am in the hands of the committee.

Mr. CRUICKSHANK: You mean at a later date?

The CHAIRMAN: Yes, when we write our report. That is one of the things that we will have to deal with at that time, that is the disposal of this \$300,000 swill money.

Mr. HARKNESS: If there had been no incentive for it there would have been very little saved or recovered.

Mr. WHITMAN: What do you suggest doing with it?

Mr. HARKNESS: Turn it into this fund?

Mr. WHITMAN: The whole thing?

Mr. HARKNESS: Certainly.

The WITNESS: At December 31, 1946, the amount paid in for the army overseas was \$283,893.03.

Mr. CRUICKSHANK: How much in Canada?

Mr. HARKNESS: The amount in Canada was probably more.

The WITNESS: As of the 31st of December 1946, the amount collected in Canada and turned over to the Receiver General was \$262,573.

Mr. WHITMAN: That is a lot of money.

Mr. HARKNESS: Does that include grease recovered, bones and so forth?

The WITNESS: I understand that it does.

Mr. HARKNESS: Well, is it to be dealt with separately? As you perhaps know whatever grease was recovered was not sold as a part of the swill contract. The same thing applies to bones, the bones recovered were sold separately also.

The WITNESS: May I check on that?

Mr. HARKNESS: Yes. There were the three things that we recovered; swill, grease and bones. This refuse, the swill, was sold to a contractor, and the grease which was recovered was sold to somebody else, and the recovered bones were sold to somebody else.

Mr. CRUICKSHANK: It looks to me as though the swill was supposed to be covered; salvage, if you like; and while it was sold on contract, it really belongs to the men.

Mr. HARKNESS: And the same thing applies to grease and bones, it was all the result of salvage. I would like to know if the grease and bones are included in the figure for swill.

The CHAIRMAN: We will have Colonel Stewart find that out for us. The committee would like to know whether the grease and bones were included in the swill account.

The WITNESS: I will try to get that for you.

The CHAIRMAN: We will have to get further information. I think we will perhaps have to call the associate deputy minister of the department to deal with this point. It is not one which we can settle in fifteen minutes but I thought it was well that it should come up on discussion so that you may be thinking about it.

Mr. CRUICKSHANK: And you are going to look that up for us, are you, Colonel Stewart?

The WITNESS: Yes.

*By Mr. Benidickson:*

Q. And you will let us have a statement as to the amount recovered by each regiment or unit, a statement of what they sent in?—A. For the swill.

Q. You have something like \$200,000-odd, could not that be subdivided showing the amounts contributed by specific units?—A. That would be overseas.

Q. Well, what about the units in Canada?—A. I do not think separate accounts for units were kept in large camps such as Borden or Petawawa. I think we will be able to give you the amounts obtained in that way in the area. I do not think I can give you a breakdown by units in Canada. In the case of camps like Borden and Petawawa it would be by areas.

Mr. CRUICKSHANK: Yes, that is the way it was.

The CHAIRMAN: The circumstances with respect to the two funds are vastly different in Canada and in England because it was handled on a different basis. There would be difficulty in getting it by units in Canada because they were stationed largely in centres; and then, I understand that the health of animals regulations in this country are exceedingly strict and that there was expense in connection with the cooking and preparation of swill; and I think that all enters into it. I may be right on that or I may be wrong. I stand to be corrected; but in any event I think it was dealt with by incinerators here, too.

The WITNESS: I believe in some cases it was.

The CHAIRMAN: Yes, in some cases it was, with the result that the establishment of a unit interest in the so-called swill fund in Canada is not nearly as clear-cut as it is overseas.

Mr. PROBE: Could we get it by military districts?

The CHAIRMAN: Yes. I was not arguing against that. I was trying to explain why it was hopeless to try to get it by regimental units in Canada.

Mr. COCKERAM: I think in Canada it all went into one fund.

The WITNESS: I think it went into the consolidated revenue fund of Canada.

Mr. MARSHALL: Am I right in assuming that the funds in Canada and overseas amount to approximately half a million dollars; \$283,000-odd overseas and \$262,000-odd in Canada?

The CHAIRMAN: Yes, \$300,000 was mentioned. There is this factor to be considered in connection with it, that it was all salvage of food that had been paid for out of the money of the taxpayers. Overseas there is the admission of regimental interest, that is supported by the fact that each regimental cheque was impressed at the time it was sent over with the name of the unit concerned which shows that the unit had an interest in the swill. It has never been the admission that in Canada the establishment had an interest in it, it has been regarded as a return on the expenditure of taxpayers' money; and also there has not been the same type of regimental fund. That is the reason for the difficulty, I think.

Mr. BROOKS: I think the same principle is involved in Canada as overseas. This is all returns from the sales of swill collected by the units. It was treated in exactly the same way. You spoke a moment ago about the feature of the expense of scalding, cooking and the like. I would point out that that was not done by the unit, that had to be done by the contractor who purchased the swill.

The CHAIRMAN: I think that can only be urged as a reason why the sum paid in Canada is not correspondingly larger than the one built up overseas. The Canadian fund amounts to some \$262,000 notwithstanding the fact that there were infinitely more men fed here than we had in other places.

*By Mr. Lennard:*

Q. What sums were allocated to the air force? Were similar amounts received from the air force for salvage; and, are there separate accounts set up for them?—A. The figures I have given you deal with the army only.

Q. Are the figures available? Perhaps I am out of order in asking for these figures. Are there figures available for the other two services?

The CHAIRMAN: The services doubtless have them. We have no representative of those services here.

Mr. LENNARD: That is a question that could be asked of them at the proper time.

The CHAIRMAN: Yes, when they are before us we could ask them whether or not they got money from salvage for the benevolent fund. I am sure we will have the opportunity of asking that question.

*By Mr. Harkness:*

Q. There was one other point. In addition to the salvage of the type we have been speaking about, there was also salvage for which we had a very strict campaign most of the time overseas and where a large amount of paper was salvaged and we were never told whether we would get anything out of that or not. I do not know whether there is a separate fund set up or whether the money went into the treasury office and became part of the consolidated revenue fund?—A. I will check up on paper.

Mr. BROOKS: I doubt very much if there was much money collected from the salvage of paper. In my unit we baled bale after bale and it rotted and nobody paid any attention to it.

Mr. HARKNESS: That was not the case overseas.

Mr. CRUICKSHANK: That is not charged up to the individual soldier.

Mr. HARKNESS: This refers mostly to paper in the form of magazines and letters and that sort of thing.

Mr. CRUICKSHANK: That is not charged up.

Mr. BAKER: We impressed upon the men that it was their patriotic duty to save paper. I do not think there was any credit given.

Mr. HARKNESS: There might have been a certain sum paid in on that.

The CHAIRMAN: Is there anything else touching on this analysis? That question arose from something on the back page.

Mr. PROBE: Will Colonel Stewart be able to make any reference to the Navy, Army and Air Force Institute funds as regards management, or will we get that from Colonel de Lalanne?

The CHAIRMAN: We shall not be able to get it really from either of them; we shall have an opportunity to question, for purposes of information, those responsible for both the navy and the air force fund. Brigadier de Lalanne and Colonel Stewart had been charged only with army auditing.

Mr. PROBE: I am referring to what was colloquially called NAAFI, the Navy, Army and Air Force Institute overseas. There was a percentage of Canadian sales turned over to the units in whose camps the Canadian NAAFI operated, and I would like to know if we shall get some accounting of that money from Colonel Stewart or from whom?

The CHAIRMAN: That would have to come from Colonel Stewart.

The WITNESS: Yes. I shall be glad to give you the background of the NAAFI at any time.

The CHAIRMAN: If Colonel Stewart understands fully what happened in NAAFI he understands more than anybody else does.

*By Mr. Probe:*

Q. I was looking at those figures, and the NAAFI return was \$790,000; is that the final payment or is that the total?—A. No, I do not think so. The Navy, Army and Air Force Institute is an outgrowth of the old Navy and Army Canteen Board that functioned in France during the first war, and in 1921 it

was decided that such a service should be continued for the British services generally. This is a civilian organization. It is partially sponsored, or to some extent sponsored, by the government of the United Kingdom, and it carries on as a co-operative organization for the three services. In late August of 1939 the NAAFI closed its books and made cut-off statements of its peacetime operations and opened on the 1st or 2nd of September as NAAFI War. They served all the British services—the three of them—with canteen supplies and entertainment, and it was compulsory for the three services to deal with the NAAFI. We found that same condition operating when the Canadian troops arrived overseas and it was expected that the Canadian troops would deal with NAAFI also.

The working capital for NAAFI War was supplied by NAAFI Peace, and we have the financial statements commencing with the opening statement of 1939 up to and including 1945. The NAAFI made no grants or dividends as it were during 1939, 1940 and 1941, as they suffered considerable loss in Norway and Dunkirk. In 1941 they suffered loss in Greece and Cyrenaica. In 1942 they suffered loss again in Crete, in Egypt and in Hong Kong. For the fiscal year ending on or about the 28th of August, 1942, they did pay their first dividend. These annual reports from NAAFI are published about one year in arrears owing to the breadth of their operations in all the countries of the world; and it was not until late in the year 1943, after the report had been issued by the Select Committee on Canteen Funds of the House of Commons, that we received the first dividend of £26,000. That committee, I think, recommended that some sort of agreement should be entered into with the NAAFI, and negotiations were carried on by C.M.H.Q. overseas with NAAFI, leading up to an agreement. Early in 1943 we received a draft of the agreement that had been negotiated, and while that was under study at national defence headquarters a letter was received from the dominion's office of His Majesty's government overseas through the High Commissioner's office and through C.M.H.Q. outlining the extent of financial responsibility of the British government in the NAAFI and suggesting that if Canada was interested in participating in profits, other than normal grants, that Canada might also be willing to participate in any losses. I do not think that that matter has been finalized. I think, perhaps, that higher authority overseas and here in Canada decided it would be best to present Canada's case, in the event of dissatisfaction, at the time that NAAFI War is liquidated. In any case this would have to be dealt with on very high levels. We have received four dividends or grants from the NAAFI, the first, £26,000; the second, £72,500; the third, £80,000; and for the year ended 1945 we received a grant of £143,750.

**The CHAIRMAN:** Just at that point, has there ever been given any indication of how these dividends are arrived at?

**The WITNESS:** The annual reports showing the total profits they have made and which are available for purposes of dividends. The strength of each service, and the strength of each of the dominion's troops are prepared by the War Office, and checked by Canadian military authorities overseas.

**The CHAIRMAN:** The army's share of that is included in this \$5,500,000 here, is it?

**The WITNESS:** The army's share is contained, I think, in section (a) of No. 4; but that is the army's share exclusively and has nothing to do with the navy or air force.

*By Mr. Probe:*

**Q.** May I ask the colonel a question at this point? Is it correct that we were not receiving dividends from the NAAFI on any percentage basis?—**A.** We were—the troops overseas. The procedure that was followed was that purchases made by the troops were subject to a rebate of 6 per cent. Purchases that were made with the twopence-halfpenny cash element in the ration from NAAFI was

subject at the time that the purchase was made to a discount of 10 per cent from NAAFI's list prices. Bulk supplies that might be purchased by messes for resale were subject to a discount of 10 per cent of NAAFI's list prices at the time the units paid their bills. The 6 per cent payments were made by the NAAFI to the units and C.M.H.Q. was notified and payments by NAAFI were checked by the regimental funds board into the financial statements of the units.

Q. With respect to the canteens on account of residue of NAAFI operated canteens in the barracks area?—A. Yes.

Q. What was the financial arrangement, if any, based on patronage as between the regiment and NAAFI?—A. As I understand it, it was based purely on strength.

Q. It did not matter how much money was spent; if the unit or regiment had 650 men the regiment would naturally receive 650 payments to a certain unit; is that right?—A. That is true. I do not think any consideration was given to Canadians having a higher purchasing power than British troops. There appears to be little or nothing in that theory due to compulsory assignments or deferred pay.

Mr. PROBE: Mr. Chairman, there is one thing more I wish to refer to in the NAAFI matter. Colonel Stewart did indicate that the NAAFI suffered financial losses in 1940, 1941 and 1942. I have seen some of the statement of consolidated NAAFI operations in those periods and my recollection—it is hazy now—is that they were operating at a substantial profit, shall we say, which ran into millions of pounds at that time. This is just a guess at the moment, but I remember seeing statements. I suppose the witness has copies of those statements?

The WITNESS: Unfortunately I have not them with me, but I have some consolidated figures here, I think.

The CHAIRMAN: Are we interested primarily from the standpoint of final statements of NAAFI as to our share of the net profit for the whole operation of NAAFI War?

Mr. PROBE: I am not interested in the good or bad dicker or deal we made with them now, but all we are concerned with now is what accounting there has been of Canada's share of NAAFI funds.

The WITNESS: That has not yet been finalized, I would say.

*By Mr. Cockeram:*

Q. Colonel Stewart, you said the other day that there was \$250,000 still to come into this fund; is that the total?—A. Yes.

Q. In view of your statement there should be a considerable sum coming in from NAAFI because the last year in which they did pay they paid £140,000, which is much higher than your \$200,000; the army's share would be much higher than the \$250,000 you still expect to get in from Canadian operations; and, therefore, it is possible that this fund will be augmented by much more than \$250,000?—A. We were referring at that time, I think, to account (b) in your book, regimental funds.

Q. There are \$250,000 to come into the regimental funds still to wind up the NAAFI?—A. No. To wind up receipts from units being disbanded in Canada.

Q. There is another thing: the total amount of money that we have been paid from the NAAFI is something in the nature of £300,000?—A. \$1,440,000.

Q. \$1,401,000. According to this statement only \$790,755 came into the army end, leaving \$610,645 in the other services, which seems to me to be a higher percentage possibly than should be the case. Colonel, would it not be better for us to wait until we got the financial statement showing all these?

The CHAIRMAN: I think the question which Mr. Cockeram is asking is based on the financial statement which is before us in this black book.

**SPECIAL COMMITTEE**

The WITNESS: Yes. There are two amounts shown for NAAFI, one for \$790,000 and another one for \$577,000.

Mr. COCKERAM: That is all right. That cleans it up.

Mr. MARSHALL: Does it clean it up?

The WITNESS: Yes, that answers the question; but that will not be final, I should not think.

Mr. COCKERAM: Where do you see the \$577,000?

Mr. MARSHALL: May I refer you to the item below that, \$92,000 interest, from its inception to March 31, 1946; interest on what?

The WITNESS: Interest on the balances paid to the Receiver General.

Mr. MARSHALL: It has no reference to NAAFI?

The WITNESS: It would be paid, yes. The Receiver General gives us credit at  $2\frac{1}{2}$  per cent interest payable semi-annually, on the total funds.

Mr. MARSHALL: That is on everything?

The WITNESS: Yes, on the balance of the account.

*By Mr. Probe:*

Q. Could I comment on one more thing—this may be out of order—but in looking over the financial statements it seems to me that the operations in the last year on the continent and in England too, I judge, were definitely less profitable even on a percentage basis. As a matter of fact, there were deficits involved from auxiliary service operations. I understood Colonel Stewart to say that those remaining, the rear parties shall we say, were allotted a certain percentage of regimental funds that had accumulated for entertainment purposes?—A. Yes.

Q. And I understand that the auxiliary services had troubles in management, that is as regards the ultimate cash results. Would the witness care to give us the reason why their funds were depleted so rapidly, so suddenly, where previously they apparently had managed very well?—A. I am afraid that as far as the national voluntary organization operations overseas are concerned, they have not come into my purview and I could not give you that, but I imagine Colonel Weir will be able to give us that information. I expect him back the fifteenth of March. He is overseas now finalizing various accounts over there. As far as the freezing of regimental balances is concerned I think they had the same experience overseas that we had here in Canada. Units in the United Kingdom required part of their surplus to provide amenities for those returning for repatriation.

*By Mr. Baker:*

Q. When the army were fighting they would receive free issue, that might have something to do with it. Of course, there was more fighting in the last half than there was in the years before. I think this relates principally to rear parties, and in the large active forces being disbanded. As a result I suppose the entertainment costs were considerably higher then.—A. I think they probably were.

Q. But there is no explanation and the figures stick out like a sore thumb, almost.—A. I think we will have to rely on Colonel Weir to give us the last word on the overseas situation.

The CHAIRMAN: At the beginning of our meeting to-day, before some of you came in, we had a report of the steering committee and it has been arranged that the committee will meet at eleven o'clock on Monday, and we will have here Major Lewis, who is secretary of the Ontario board administering the canteen funds of the last war. He will be here to tell us what their experiences

have been, and you will have an opportunity of getting his opinion. I am sure he will be glad to give you that. The following Friday we will have here Mr. Justice, formerly Brigadier Ross, from Kingston, a past commander of the Legion, and one who is also very much interested in this—better known to most of us as "Turkey". He is trying to get here to be with us on Friday and he will be able to give us much of value out of his fund of experience. When we have Mr. Justice Ross here we will also be able to get an explanation from him of the basis of the brief presented in 1942 which I think a majority of the committee will remember was more or less adopted without change. That will be the order of business for our next two meetings. It is possible that at the Monday meeting when we have Mr. Lewis, or at either one of the meetings, we may also have Brigadier de Lalanne, who will be able to refresh our minds and his own, as he said, on any fact contained in the original letter.

Unless there is anything else before us the committee will stand adjourned.

The committee adjourned at 12.35 o'clock p.m. to meet again Monday next, March 17, 1947, at eleven o'clock a.m.

**APPENDIX "A"****R.C.A.F. BENEVOLENT FUND**

*To the Members:—*

The Board of Directors submits the Third Annual Report, with financial statements and auditor's report, covering the fiscal year ended 31st December, 1945.

During the year your Directors considered it advisable to review the organization and for that purpose, had an investigation made and an organization report drawn up. This report, which was adopted, provided for the appointment of a Manager as well as the establishment by the R.C.A.F. of a "Special Services-Special Aid Unit" to which is attached a Central Claims Committee of voluntary workers consisting of a group of RCAF personnel, including a lawyer, a medical officer and a social worker. The duties of this Unit are to receive and investigate all the applications for assistance from Air Force and Ex-Air Force personnel and their dependents. The need arose and still exists for this Unit and is stressed through the lack of knowledge of those concerned with the requirements of the Governmental Agencies and of the Governmental aid available. Even when applications are made to the proper agency assistance is frequently refused as the result of improper submission of the relevant information, difficulties in complying with the agencies' regulations and/or in their interpretation. In all such cases, this Special Aid Unit acts as "counsel", in its full meaning, for the applicants.

The principal Governmental Agencies and their functions are briefly as follows:—

- (a) Department of National Defence for Air administers the pay and allowance regulations,
- (b) Dependents' Allowance Board provides allowances for dependents of all ranks within the meaning of their regulations,
- (c) Dependents' Board of Trustees supplements these latter allowances for ranks below WO1 when, in their opinion, such assistance is justified,
- (d) Canadian Pensions Commission administers death and disability pensions,
- (e) War Veterans' Allowance Board supplants the action of the Pensions Commission where the Commission cannot grant assistance,
- (f) Department of Veterans Affairs administers the various rehabilitation programs and allowances set up and provides for post-discharge medical and dental treatment.

Cases arise which fall somewhat outside the regulations; but many more, with sympathetic handling, are brought within the intent of these regulations.

The large majority of the applications serviced by the Special Aid Unit have resulted in the obtaining from these Governmental Agencies assistance which would not in all probability have been otherwise procured and amounting in terms of money to a considerable sum.

Your Corporation has a Chairman in each Province as well as one in Newfoundland and has a representative both in the U.S.A. and in London, England. Every city and practically every town in Canada has a sub-Chairman and in many cases the sub-Chairman is surrounded by many workers. These sub-Chairmen constitute the Committee of their respective Provincial Chairman. In order to speed the work of assistance the sub-Chairmen as well as the representative at each RCAF Unit submit their applications for assistance direct to Headquarters, who in turn communicate direct with these various sub-Chairmen

and representatives at RCAF Units. This system of handling cases is producing satisfactory results and the fact that every case is reviewed by the Central Claims Committee is a guarantee that all cases receive the same consideration and that all provinces are treated alike.

To assist in the field work, a "Guide for the Use of Field Workers" has been drawn up and issued along with a revised "Form of Application" so that the information called for would be such as to permit headquarters to present just that information required by any of the six Governmental Agencies from which assistance would likely be demanded.

Each sub-Chairman is provided with funds under an imprest system to enable him to make immediate advances to applicants in cases of emergency, such advances being reimbursed by Headquarters and the application taken under consideration. The granting of such temporary financial assistance relieves the applicant during the period of submission to and adjudication by the various Governmental Agencies and it is only when assistance is not available from any of these sources that the RCAF Benevolent Fund is called upon to make grants. In making grants the Fund has only one object in view and that is to assist deserving cases in such a way as to re-establish them permanently on a reasonably sound basis.

During the year under report, 2,913 applications for assistance have been received, of which 2,418 cases have been settled as follows:—

(a) Securing of assistance from Governmental Agencies .....	600
(b) Loans .....	1,328
(c) Grants .....	345
(d) Assistance unavailable .....	145
	2,418

In the remaining 495 cases decisions were pending by one or other of the Governmental Agencies or were under investigation by Headquarters. In 1,081 of the cases covered by loans and grants above mentioned, further aid was sought by reference to the Governmental Agencies.

The 345 grants made totalled.....	\$ 33,319.50
At the commencement of the year under report the amount of loans and advances outstanding was.....	35,893.12
During the year further loans and advances were made covering the 1,328 cases above mentioned amounting to.....	113,006.67
	_____
In all .....	\$ 148,899.79
Of this amount there were converted to grants.....	\$ 10,457.16
While repayments totalled .....	24,255.69
	_____
Leaving outstanding at the close of the year due on 838 cases—an average of (approximately) \$64.50 per case.....	\$ 94,712.85
	_____
	\$ 54,186.94

It is believed that with the continuing return of Service personnel to civilian life a proportionate increase in applications for assistance may be expected, which will not only add to the duties of the organization as a whole but will result in increased demands upon the funds of the Corporation.

With the return to civilian life of Service personnel, it is found that there are increasing numbers of cases where assistance is required to meet the cost of medical care. In these cases, we have demanded that doctor's bills be paid at Department of National Defence rates; but we have found that in some provinces such do not actually exist and, in consequence, we are making it our duty to request doctors to considerably modify their fees on the basis that did the Fund not come forward, they in all probability would not be paid.

It is suggested that Provincial Chairmen call meetings of their Committees consisting of the sub-Chairmen in their provinces at least twice a year so that these sub-Chairmen may become familiar with each other's problems, more readily familiarize themselves with the procedure in handling and investigating cases and at the same time inform the Chairmen of their work. A monthly

report of cases dealt with by the Fund which is issued to all Provincial Chairmen, among others, keeps them informed not only of the activities of their own province but of the whole of Canada and abroad.

Consideration has been given to various means of raising funds for the Corporation and it is felt that general appeals to the public for funds for a specific purpose and class such as the RCAF Benevolent Fund might prove embarrassing in so far as such appeals would be in competition with national appeals such as the Canadian Red Cross, Salvation Army, Y.M.C.A. and the like.

At the close of the year the Fund amounted to \$1,871,891.25, a net increase during the year under report of \$1,084,768.90. Your Corporation has in sight sufficient canteen funds to raise its capital to at least \$3,000,000. Last year we collected \$34,108.37 from private contributions and \$155,546.16 from the Lancaster Display. The Chief of the Air Staff has decided that the RCAF will put on an annual Air Force Day similar to the Lancaster Display, which took place during August and September of last year, and from this we may reasonably expect to net \$150,000.

A capital of \$3,000,000 invested at 3% would net..	\$ 90,000.00
Our expenses of operation for the current year, providing for the reduction in Special Aid Unit personnel (requiring us to replace these by civilian officials) and taking into considera- tion the cost of employing Secretaries in the larger cities, it is estimated will amount to..	\$ 40,000.00
While the expenditure on grants is estimated at..	50,000.00
	<hr/>
	90,000 00

In this manner our revenue would be exhausted by operating expenses and grants. Should these expenses be in excess of the estimate and we were required to draw on our capital to the extent of even \$50,000, we would still be readily able to maintain our \$3,000,000 capital by the estimated receipts from the annual Air Force Day alone.

We wish to acknowledge and record our appreciation of the following donations received during the year under report:—

RCAF Station Funds.....	\$ 163,653.34
Officers' Messes .....	56,823.70
Sergeants' Messes .....	35,865.33
Entertainment and Sports.....	15,106.42
Civil Flying Training Schools.....	188,173.22
Lancaster Display .....	155,546.16
Divine Services .....	1,247.93
Overseas .....	11,077.96
RCAF Share RAF Mess Funds.....	200,000.00
Central Institutes Fund.....	232,750.00
Public as follows:	
Woodwards Limited, Vancouver, B.C.....	\$ 500.00
Western Grain Company, Winnipeg, Man.....	3,000.00
Air Force Veterans' Association, Montreal, P.Q.....	8,500 00
J. P. Bickell, Toronto, Ont.....	1,000.00
National Grain Company, Winnipeg, Man.....	1,000.00
W.A.C. Benefit Hockey Game.....	2,196.10
Major W. R. G. Holt (in memory of his son, F/O Peter Holt), Montreal, P.Q.....	10,000 00
Sundry .....	7,912.27
	<hr/>
	34,108.37
	<hr/>
	\$ 1,094,352.43

During the year under report Price, Waterhouse and Company resigned as Auditors and the Auditor General of Canada, with consent, was appointed in their stead.

In conclusion, it is desired to place on record an appreciation of the co-operation, assistance and splendid work in general carried out by all field workers, both Service and Civilian, as well as an appreciation of the untiring

efforts of the Special Aid Unit and the Central Claims Committee who have worked so harmoniously, sympathetically and ably in carrying out their arduous duties. In this connection, it is also desired to place on record our appreciation of the services rendered by Squadron Leader F. Lorenzen who was senior officer of the Special Aid Unit as well as Treasurer of the Fund and prior to that had taken a leading part in the work of the Fund until his retirement from the Service on the 31st of January last. Through his ability and indefatigable efforts and interest in the Fund, Squadron Leader Lorenzen contributed much to its success.

Submitted on behalf of the Board.

ROBERT LECKIE,

*Air Marshal,  
Vice-President.*

OTTAWA, ONTARIO.

March 8th, 1946.

## APPENDIX "B"

H.Q. 54-27-87-52 (R.F.B. 2)

28 Oct 1946.

To: All General Officers Commanding.  
All District Officers Commanding.  
Commandant, Royal Military College.

*C.A. (A) Units, Formations and Establishments  
Funds and Assets of Messes and Institutes.*

Under the provisions of telegrams RFB Nos 292 and 322 dated 8th August and 1st October, 1946, respectively, a "cut-off" was made in the accounts of all "interim Force" and war-time active units continuing into the C.A.A.F., effective the date of change in status, viz. 31 July 46 for "interim force" units and 30 Sep 46 for other continuing units.

2. Following these instructions, it has been decided that the following procedure will now be brought into effect.

3. *Funds* (i) All surplus funds (i.e. the amounts set up in "Reserved Surplus Accounts CA(A) Units") are to be turned over to the Regimental Funds Board to be held in trust as if the CA(A) units had been disbanded as of 30 Sep 46 (see CARO 5823 para 6). Where the whole or a portion of such "Surplus" is required temporarily for working capital, the remittance of the equivalent, in cash or bonds, may be deferred for a period not exceeding 90 days, but all surplus funds will be forwarded so as to reach the Bank of Montreal, Ottawa, by 31 Jan 1947 at latest.

(ii) The foregoing decision is in accord with the policy, followed by this Headquarters throughout the war, of adequately protecting the funds accumulated by war-time personnel, as distinct from pre-war or post-war personnel. Post-war units are, in effect, taking up where they left off in 1939, or are starting anew.

(iii) For the information of those pre-war PF units which placed funds and assets in trust, it is advised that action is being instituted at AHQ to have the counterpart CAAF unit declared to be the unit perpetuating the pre-war unit. Trustees should now be approached with the object of having the trusts terminated and the assets turned over to the continuing unit as early as practicable.

(iv) In some instances, funds belonging to pre-war units were donated to or taken over by the counterpart CASF unit. CARO 5823 provides that such

grants and donations etc. made by NPAM units to CASF counterparts may be recovered if the funds of the latter permit. The same principles apply in the case of funds taken over from PF units and claims may be submitted to this Headquarters as indicated in para 5 of HQ 54-27-87-27 dated 15 May 46.

(v) Profits accruing from the operation of messes and institutes subsequent to 30 Sep 1946 will be at the disposal of the unit thenceforward.

#### 4. Furniture and Equipment

(i) A Scale of Issue has been approved of Furniture and Furnishings for Officers', Sergeants' and Other Ranks' messes (ante-rooms, libraries, reading and recreation rooms). A directive is being issued separately covering the procedure to be followed for Ordnance to take over from units such items as may be required, at appraised prices, for re-issue to units of the CAAF and CARF which are being re-formed or are newly organized.

(ii) Upon advice from the local Ordnance Officer as to the items of furniture, etc., available, continuing units of the CAAF may arrange to purchase, at appraised prices, whatever further items are needed to equip their messes and institutes to a reasonable extent, over and above the scale of issue, from furniture and equipment held by them in trust for CA(A) units. Such purchases are to be limited to actual requirements and be within the CAAF unit's capacity to pay from future earnings.

(iii) Owing to the withdrawal of surpluses as in para 3 above, CAAF unit messes and institutes will, for the most part, require to utilize current profits during the next few months to provide future working capital, and for this reason they are NOT being required immediately to make payment for any purchases of furniture and equipment made under this arrangement. The question of deferred terms of payment will be further considered in March 1947, by which time it is expected that the difficulties consequent on adjustment from a "war time" to a "post-war" basis of operation will largely have disappeared and messes etc. will be in a better position to arrange for payment. The purchase price of furniture and equipment will, however, be set up in the unit's accounts as an account payable to the Regimental Funds Board, even though by so doing a "deficit" is thereby created in the accounts.

(iv) After the needs of Ordnance and CAAF units are met, CARF units may be permitted to purchase items of furniture and equipment *to meet the bona-fide requirements of their messes and institutes* on the same basis as units of the CAAF.

(v) All furniture and equipment not sold to Ordnance, or purchased by continuing units by 30 November 1946, will immediately be disposed of by public auction in accordance with existing regulations for disbanding units. In this regard, it is necessary to reiterate previous instructions that *private sales are strictly prohibited, except in isolated instances where an auction is impracticable and only upon receiving the prior approval of AHQ in each instance.*

(vi) Immoveable properties, e.g. swimming pools, bowling alleys, etc. which may subsequently revert to the Crown may remain in use and possession of the unit concerned. Maintenance and up-keep will be provided by the unit from operating profits accruing subsequent to 30 Sep 1946.

(vii) Units continuing to function as CA(A) after 30 Sep 46 may retain possession of furniture and equipment required for the "run-down" period and will thereafter be governed by CARO 5823. It is not envisaged, however, that any CA(A) unit messes and institutes will be required to operate after 30 Nov 46. Surpluses as well as furniture and equipment are, of course, frozen.

(viii) The objective to be followed in liquidating CA(A) furniture and equipment is that disposition as above will be entirely completed by 31 Dec. 46.

#### 5. Board of Officers

(i) Following the procedure outlined in CARO 5823 para 6, a Board consisting of the District Audit Officer, a representative of the District Ordnance Officer and one or more officers of the CA (A) unit concerned will be appointed immediately to guide units in the liquidation of their assets as may be necessary and to arrange for settlement of Surplus funds as in para 3 hereof by 31 Jan 47. This Board will also be responsible for appraising the values of furniture and equipment for sale to Ordnance and to continuing units, or disposal by auction. Where considered desirable or where there is a difference of opinion as to appraisal values, District Officers Commanding have authority to call in appraisers whose fees may be charged against CA(A) surpluses. In this connection the normal fee is 1 per cent of the appraisal value plus travelling expenses, if any. All furniture and equipment, including expendables, must be accounted for meticulously. The Board will submit two copies of its Proceedings, through the usual channels, to AHQ. A "proforma" Proceedings and Closing Statement is being forwarded to District Audit Officers by the Regimental Funds Board for guidance.

(ii) The recommendations of the Board of Officers as to appraised values of furniture and equipment for sale to Ordnance and to CAAF and CARF units and for any "write offs" will be forwarded to AHQ *in advance* for approval.

#### 6. Fire Insurance

Adequate protection must be maintained by CAAF units to cover all merchandise inventories and furniture and equipment. Any existing policies purchased from CA(A) unit funds may be allowed to remain in force until 31 Jan 47. Where the unit has been re-designated, appropriate endorsements should be obtained as soon as possible.

#### 7. Staff

It is not proposed to carry District Audit Officer personnel for any length of time after 31 Jan 47 and your co-operation is requested in ensuring that the spirit and intent of the foregoing instructions are strictly followed by all concerned in Order that the winding up of all CA(A) funds and assets may be satisfactorily completed by that date.

#### 8. General

Commanding Officers concerned are to be advised of their personal responsibility for all funds and assets of CA(A) units until turned over to this Headquarters.

(E. G. WEEKS),  
*Major-General,  
Adjutant-General.*

**APPENDIX "C"****REGIMENTAL FUNDS****WINDING-UP PROCEDURE  
FOR UNITS BEING DISBANDED IN THE  
UNITED KINGDOM  
OR REPATRIATED TO CANADA**

*Issued as an Appendix to Canadian Army Overseas Routine Order No. 6114 by Canadian Military Headquarters in the United Kingdom 8 Sep 45.*

1. Pending decision concerning the final disposition of Regimental, Mess, Canteen and other unit funds or units being disbanded in the United Kingdom, or of formed units being repatriated to Canada, the following procedure will be adopted for the purpose of winding up the affairs of such units.
2. Part I of this Order deals with units being disbanded in the United Kingdom; Part II deals with units being repatriated to Canada. The word "Unit(s)" will be read to include "Formation(s)" and "Sub-unit(s)", as may be applicable. Part III deals with matters of general application.

**PART I****PROCEDURE FOR UNITS BEING DISBANDED IN THE UNITED KINGDOM**

3. When disbandment of a unit is imminent, all Messes and Institutes, excepting the 2½d Messing Cash Ration Allowance, will be placed on a cash basis in all respects. Immediately notice of disbandment is received by a unit effective steps will be taken to control expenditures and to ensure that the accumulated funds of the unit are not dissipated. It is to be borne in mind that unit funds have been built up over a period of time through the participation of all members of the unit, past and present and are in the nature of trust funds. Disposition of funds will be restricted entirely to normal expenditures for extra messing, and for similar purposes. Provided the cost is kept within reasonable limits, a final entertainment may be considered to be a normal expenditure. Cash distributions to personnel and donations to civil or military organizations and the creation of trusts are prohibited. Commanding Officers will be held personally responsible for preserving and accounting for the funds under their control.

**4. Duties of Commanding Offices**

- On notification that a unit is to be disbanded, the Commanding officer will:
- (a) Place all Messes and Institutes on a cash basis in all respects. (See para. 3).
  - (b) Make all necessary arrangements for the preparation and completion in triplicate of final financial statements of all Regimental and other funds of the unit as of a date as close to the date of disbandment as is conveniently possible and for an audit of such statements by the Unit Audit Board. He will attach to such statements and will certify, inventories of furniture, equipment and other similar property and assets, purchases by each "fund" showing original cost if available and the estimated realizable value (as a guide for future sale).

- (c) Notify the Regimental Funds Board at CMHQ or at HQ, CRU, as applicable.
- (d) Appoint a unit officer (herein referred to as the "Winding-up Officer") and one other rank for the purpose of winding up the affairs of the unit. Such personnel will be normally the Accounts Officer and the Regimental accountant where available, but in any case they should be chosen as far as possible from unit personnel with a knowledge of Regimental Accounts.
- (e) Instruct the Winding-up Officer in his duties, as set out in para 5.
- (f) Furnish the Winding-up Officer with:—
  - (i) the custody of all books, records and vouchers relating to unit funds,
  - (ii) a copy of the audited financial statements and inventories of assets referred to in para 4 (b) hereof,
  - (iii) the necessary authority to adjust all accounts, realize on assets, and pay outstanding liabilities, if any.

#### 5. Duties of "Winding-up Officer"

The Winding-up Officer—

- (a) Will examine all books and records pertaining to unit funds, and ensure that they are in order and in accordance with the audited financial statements referred to in para. 4 (b) hereof.
- (b) Will collect outstanding accounts receivable, if any.
- (c) Subject to the provisions of para. 14 hereof, will sell or otherwise realize all assets, including inventories of merchandise and bar stocks, and account through the books of the appropriate fund for the proceeds thereof.
- (d) Will pay outstanding liabilities, if any.
- (e) Will ensure, where applicable, that Can F-ST 1049 and General Allowance Claim, MF M522 have been prepared and submitted in connection with the 2½d Cash Ration Allowance.
- (f) Will close the books, prepare final statements, supported by Liquidation statement (CF A392A) and Realization Statement (CF 4392B), and thereafter report to the Board of Officers referred to in para. 6 through Regimental Funds Board, CMHQ or HQ, CRU, as applicable, having with him:—
  - (i) the books and records of the unit, in separate parcels for each "fund", and an inventory in triplicate of the contents (for later delivery to 1 Cdn Kit Storage Depot),
  - (ii) copies of final statements in triplicate, including Liquidation and Realization statements as above,
  - (iii) cheques drawn for the final bank balances in each fund, and made payable to "Regimental Funds Board Special Trust Account" in all cases, excepting cheque for the bank balance, if any, remaining in the 2½d Cash Ration Allowance account, which should be drawn in favour of "Regimental Funds Board Receiver-General of Canada Suspense Account".
- (g) Subject to the provisions of para. 14 hereof, will deliver to the said Board of Officers all unsold furniture, equipment and other assets of the said "fund" if any.
- (h) If the Winding-up Officer receives orders to proceed to a new location before his duties are completed, he shall advise the Regimental Funds Board or its representative.

#### 6. A Board of Officers, which shall include a representative of the Regimental Funds Board, will be convened by CMHQ to report upon the closing statements and surpluses of the unit. Proceedings of this Board of Officers on

Form MF B303, in triplicate, together with closing statements and completed copies of the questionnaire appearing as an Appendix hereto also in triplicate, will be submitted as soon as possible after disbandment of the unit, to the Regimental Funds Board, Government Building, Bromyard Avenue, Acton, London, W.3. Subject to para. 14 of this Order, where applicable, the Board of Officers will take possession of any unit assets not converted into cash by the Winding-up Officer, and will sell the same by public auction duly advertised, and will forward the proceeds thereof to the Regimental Funds Board, CMHQ, with full particulars, and Realization Statement.

7. Surpluses of unit funds, after realization of assets and payment of all known liabilities, will be transferred to the Regimental Funds Board, CMHQ, for later transmission to Regimental Funds Board, Department of National Defence (Army), Ottawa.

#### **8. Regimental Funds Board.**

When the Regimental Funds Board is satisfied that the Winding-up Officer has completed his duties, and upon receipt of the Proceedings of the Board of Officers referred to in para. 6, if approved, an Audit Clearance Report will be issued by the Regimental Funds Board, CMHQ.

### **PART II**

#### **PROCEDURE FOR UNITS BEING REPATRIATED TO CANADA**

##### **9. Duties of Commanding Officers**

Normally, Commanding Officers of units about to be repatriated will have appointed Winding-up Officers prior to unit embarking for United Kingdom, and such officers will have proceeded in advance of their units in order to expedite the winding-up of the unit's affairs. The Commanding Officer of any unit about to be repatriated to Canada will—

- (a) Appoint a "Winding-up Officer" as prescribed by para 4(d) hereof, if none is already appointed.
- (b) Ensure that the Winding-up Officer is instructed in his duties as set out in para 10.
- (c) Ensure that the Winding-up Officer is vested with authority to adjust all accounts, realize on all assets, and pay outstanding liabilities, if any.

##### **10. Duties of the "Winding-up Officer"**

Upon arrival or upon taking up his duties in the United Kingdom, the Winding-up Officer—

- (a) Will report to the Regimental Funds Board, at CMHQ, or at HQ, CRU, as applicable, having with him the authority referred to in para 9(c) above.
- (b) Subject to the provisions of para 14 hereof, will sell or otherwise realize upon all assets purchased through Regimental and Mess Funds, if any, located at 1 Cdn Kit Storage Depot, or elsewhere in the United Kingdom. He will submit a complete list of all such assets remaining unsold at the time of departure to Canada, to the Board of Officers referred to in para 11 hereof, showing original cost thereof, if available, and the estimated realizable value, and will deliver to the said Board of Officers all such assets remaining unsold.
- (c) Prepare final statements, showing the accounting in detail for the proceeds of sale of assets as above, and disbursements, if any; thereafter he will report to the Board of Officers through the Regimental Funds

Board at CMHQ, or at HQ, CRU, as applicable, having with him Final Statement in triplicate for the respective funds of the unit together with cheques for the balances to be deposited with the Regimental Funds Board, CMHQ, made payable as set out in para 5(f) (iii) hereof, for later transmission with any other funds which may be held for the unit by that Board, to Regimental Funds Board, Department of National Defence (Army).

**11. A Board of Officers** which shall include a representative of the Regimental Funds Board will be convened by CMHQ to report upon the closing statements and surpluses of the unit prior to embarkation to Canada. Proceedings of this Board of Officers, in triplicate, on MF B303, together with copies of closing statements and completed copies of the questionnaire appearing as an Appendix hereto, also in triplicate, will be submitted to the Regimental Funds Board, CMHQ, Government Building, Bromyard Avenue, Acton, London, W.3 as early as possible after completion. Subject to para 14 of this Order, where applicable, the Board of Officers will take possession of any unit assets not converted into cash by the Winding-up Officer as at date of embarkation, and will sell the same by public auction, duly advertised, and will forward the proceeds thereof to the Regimental Funds Board CMHQ, with full particulars and Realization Statements.

### **12. Regimental Funds Board**

Upon receipt of the Proceedings of the Board of Officers referred to in para 11, if approved, an Audit Clearance Report will be issued by the Regimental Funds Board, CMHQ.

**13. To the extent that final surpluses of unit funds are available,** Commanding officers may draw reasonable sums from Mess and Regimental or Canteen Funds held by the Regimental Funds Board, CMHQ, to meet expenses, and to provide amenities while en route from United Kingdom to destination in Canada. Normally amounts so taken should not exceed the following scale:—

Officers' Mess .....	£2. 0. 0. per member
Sergeants' Mess .....	10. 0. per member
Regimental or Canteen Funds ...	5. 0. per other rank personnel

An accounting for any such funds together with supporting vouchers, will be submitted by the Commanding Officer to the Regimental Funds Board, Department of National Defence (Army), Ottawa, through the Home District, together with a remittance for balances unexpended, if any. For convenience, Financial Statement (Short Form) CF A309, may be used for this purpose. While a unit is awaiting embarkation to Canada, all transactions in the United Kingdom in respect of such funds will be on a cash basis.

## PART III

### GENERAL

**14. Normally all unit-owned assets will be disposed of as heretofore directed,** but items of sentimental or historical value, including presentation plate or trophies, may be forwarded to the depot or regimental museum of the unit concerned, subject to the prior approval of the Board of Officers appointed by CMHQ. Inventories in quadruplicate of such items should be submitted to the Board, two copies of which will be returned to the unit to accompany shipment and for record purposes. Such items should be securely packed and properly addressed for forwarding. Insurance to destination is recommended, and will be at unit expense. On no account will property be divided amongst officers or other ranks.

15. Subject to the final decision of Department of National Defence (Army) as to the disposal of Regimental Funds, and to instructions issued from time to time by Department of National Defence (Army) in that behalf, Commanding Officers of units having Non-Permanent Active Militia parent units may make submissions for transmission through the Regimental Funds Board CMHQ to Department of National Defence as to the disposal of their unit surpluses. It is advisable that such submissions should be accompanied by appropriate authorizing minutes of meetings with respect to the funds concerned. Copies of any such submissions and authorizing minutes should be attached to the final statements referred to in para 5 (f) (ii) and 10(c).

16. In making submissions the following points should be borne in mind:—

- (a) The names and addresses of responsible Unit Trustees to administer such funds should be stated. For general guidance these should not be less than three, and it may be advisable to add alternative names to meet the contingency of Trustees who may not be available for, or desirous of, accepting the appointment.
- (b) The purpose for which the fund is to be administered should be stated, for example for the benefit of returned soldiers who have served in the unit or corps during the war, or their families.
- (c) In some cases units on mobilization for active service were financed initially from their parent Non-Permanent Active Militia messes and regimental funds. Subject to the approval of Department of National Defence (Army) Ottawa, grants received from Parent Non-Permanent Active Militia units may be returned to these units if so desired, upon appropriate application therefor.

17. It is advisable that units should preserve for possible future reference, in chronological order, the Orderly Room copies of financial statements submitted to the Regimental Funds Board, from time to time, and suggestion is made that these copies be filed with the unit's War Diary.

18. Units not administering Mess and Regimental Funds must file NIL reports with Regimental Funds Board, CMHQ.

**Required in Quadruplicate.**

## APPENDIX

Report of Board of Officers on the Winding Up of Regimental Funds of Units Disbanded in the United Kingdom or Repatriated to Canada

1. Name of Unit.....
  2. Date of Disbandment.....  
or  
Date of Embarkation.....
  3. Rank, name and home address of Commanding Officer.....  
.....  
.....
  4. Name and address of NPAM Unit from which organized (if any).....  
.....
  5. Grants or donations in cash or in kind received by unit from parent  
AM Unit, as reported by the Commanding Officer.

5. Grants or donations in cash or in kind received by unit from parent NPAM Unit, as reported by the Commanding Officer.

FUND	NAME OF DONOR	AMOUNT
------	---------------	--------

6. Submissions by the Commanding Officer, with supporting minutes of committees, as to disposition of final surpluses, for consideration by Department of National Defence (Army), Ottawa:—

are attached to the final financial statements, no submissions have been made. (Strike out sections not applicable.)

## 7. Outstanding Accounts Receivable

## 8. Outstanding Accounts Payable

9. Schedule of residual unit-owned assets turned over to Board of Officers to be sold, is attached. (See schedule No. )

**10. Amount realized on sale of unit-owned assets**

FUND	AMOUNT
------	--------

*SPECIAL COMMITTEE*

11. Schedule of unit-owned assets retained by the unit for return to Canada, is attached. (See Schedule No. .)

12. Unit Funds held in trust by RFB

FUND	AMOUNT
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

13. Unit Funds in transit to RFB from NWE

FUND	AMOUNT
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

14. Amounts taken by unit for expenses and to provide amenities en route to Canada

FUND	AMOUNT
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

## BOARD OF OFFICERS

Date .....	.....	President
	.....	Member
	.....	Member

## APPROVED

Date .....	.....	Major
	.....	Member, Regimental Funds Board





Mr. Doc  
Can  
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Session 1947

(SESSION 1947)

(HOUSE OF COMMONS)

CAI XC 2  
-47C12

(SPECIAL COMMITTEE )

( ON )

# (CANTEEN FUNDS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

MONDAY, MARCH 17, 1947

WITNESS:

Major Alex C. Lewis, K.C., Board of Trustees, Ontario Canteen Fund.

OTTAWA

EDMOND CLOUTIER, C.M.G., B.A., L.Ph.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1947

JUN





## MINUTES OF PROCEEDINGS

MONDAY, March 17, 1947.

The Special Committee on Canteen Funds met at 11.00 o'clock a.m., the Chairman, Mr. Leslie A. Mutch, presiding.

*Members present:* Messrs. Baker, Benidickson, Brooks, Cleaver, Croll, Cruickshank, Emmerson, Fulton, Harkness, Lennard, Marshall, Mutch, Probe.

*In attendance:* Major Alex C. Lewis, K.C., Secretary-Treasurer, Board of Trustees, Ontario Canteen Funds; Colonel A. W. O. Stewart, President, Regimental Funds Board, Department of National Defence.

Major Lewis was called, made a statement regarding the policy followed by the Ontario Board of Trustees, was questioned thereon and retired.

At 1.00 o'clock p.m., the Committee adjourned until Friday, March 21, at 11.00 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

March 17, 1947.

The Special Committee on Canteen Funds met this day at 11 a.m. The Chairman, Mr. L. A. Mutch, presided.

The CHAIRMAN: Gentlemen, we are fortunate this morning in having with us Major Lewis, Secretary-Treasurer of the Ontario Canteen Fund of the first great war. You will remember we decided we would like to hear about the experience of those who successfully administered the last fund in order that we might, if possible, learn something from their success and be guided in our deliberations by some of the pitfalls of which they have greater knowledge than we have. Perhaps I should say we have confirmed the fact that Mr. Justice Ross, or Brigadier Ross, will be with us next Friday and will give us the benefit of his experience. Therefore, we will have two meetings this week. Following that we are in the hands of the steering committee as the evidence may be available. The Canadian Legion will not be ready until the 15th. The Canadian Corps have made a request—did we check back to see whether or not the committee—

The CLERK: The National Council will put in a joint recommendation for the five members.

The CHAIRMAN: I am glad to have that confirmed. The clerk was ascertaining about that over the weekend. That will cut down a bit.

The CLERK: They have not yet informed me. They are going to telephone me to-morrow and let me know.

The CHAIRMAN: They are considering their presentation.

Mr. LENNARD: Who is that?

The CHAIRMAN: The National Council, the Sir Arthur Pearson blinded soldiers and sailors, the Corps, the Amps, and the various others. We will have to wait for the Canadian Legion until the 15th, so we will give them whatever time is necessary. Without taking up any further time of the committee I am going to ask Major Lewis to tell us his story. I am sure when he has finished he will be glad to discuss with you any of the questions you want to ask. We will protect him as far as is necessary but he is an old hand at this sort of thing.

**Major Alex C. Lewis, K.C., Secretary-Treasurer, Board of Trustees,  
Ontario Canteen Fund (first great war), called:**

The WITNESS: Mr. Chairman and gentlemen: We have not prepared a brief. We would think it rather presumptuous for us to prepare a brief suggesting to you how you should decide to administer, or have administered the funds from this last war, but for nineteen years we have been administering Ontario's portion of the canteen fund derived from the first great war. The trustees generally felt that if the committee could use our experience, if it could be of any benefit to you, that one of us should come down here, if acceptable, and tell you what we have done, how we have done it and why we have done it as far as I am able to do that. I do not know whether there is any prearranged way in which you would like me to proceed.

The CHAIRMAN: Just tell us your story. You go ahead for a while and if at a later time we come to some point where a member of the committee may wish to stop you and ask a question then we will do that.

The WITNESS: First class; that will be fine with me. In the first place the canteen fund from the first great war, as you probably know, but I cannot help repeating this, was divided amongst the sections of the British Empire on a basis of enlistment in the war. Then Canada's share was divided amongst the provinces on the same basis, on the basis of enlistment. Ontario got 42 per cent which amounted to \$1,039,000 of which \$58,000 was derived from canteens operated in Canada only.

The general fund from overseas could only be used for the benefit of men who served overseas. That included England, France or some theatre of war. The \$58,000 fund could be used for the benefit of either men who served overseas or men who served in Canada only so we reserved it for a special fund for Canada only, and we have continued to administer it in that way.

The Act of Parliament which set up the fund and the manner of its division and so on was in a way indefinite, which was probably unavoidable at the time because nobody had any experience in handling a fund of this kind. There had never been anything like it before. I think very great improvement could be made to-day in the actual Act which you pass setting up the framework for the administration of the fund. The fund was divided amongst the provinces. Under the Act each provincial government was requested to appoint a board of trustees to administer the fund for their province. In Ontario there were five trustees and in the other provinces three each. The trustees thus appointed were required to report not to the provincial government but to the department at Ottawa which at that time was the Department of Soldiers Civil Re-establishment. The result was that there was a little bit too much latitude left to the various boards of trustees as to how the fund should be administered, what it should be used for and that sort of thing, although the Act did not specifically direct but suggested that it should be used as a benevolent fund for the assistance of men from the first great war who were not pensioners. In most of the provinces I think they carried that out fairly well, but there was the difficulty that in some provinces the trustees apparently did not realize that there is such a thing as an Act which requires that trustee funds shall be invested only in trustee securities, and there were consequent losses in some of the provinces as a result of that.

To keep to Ontario there were five trustees appointed, Major General Victor Williams, Chairman; Lieut. Col. B. O. Hooper, D.S.O., M.C.; Pte. Percy Bould from Kingston; Captain Jules J. Ferry from Sudbury, and Captain Wilfred S. Haney from Sarnia. That board has continued ever since with the exception that in 1936 Captain Haney retired and Colonel W. H. Kippen, D.S.O., M.C., of London took his place. He has been on the board since that time. I was asked to become secretary-treasurer when the board was first formed, and I have been secretary-treasurer ever since.

The board was not appointed in Ontario until late in 1927, and we really did not begin operations until 1928. In the meantime we were making investigations and trying to decide how we should use the fund. We finally decided we would divide it into three heads, in the first place for assistance with the education of ex-servicemen's children in worthy cases where it was justified; secondly for the assistance of ex-servicemen in cases of illness of themselves or some member of their family where they needed some assistance, and thirdly for the assistance of dependents of ex-servicemen, widows, or orphaned children or partially orphaned children under the same circumstances, in cases of illness. It was specifically provided and suggested in the Act as well that no assistance should be granted to cases where the need was distinctly the result of unemployment.

I think those conditions, and the administration of the fund under those conditions, worked out very well considering, as I say, the fact that the Act was rather loose, and there was no supervision. The trustees in each province carried on and made their report annually to the department. The department for the most part for many years was not particularly interested. In fact, one minister who was in charge of the department quite a few years ago took the stand they were not really interested at all whether they got any reports. It depended entirely on the personnel of the various trustee boards as to just how it operated.

We were very fortunate in Ontario. We have a very fine board headed by one of the finest soldiers that Canada has produced, General Williams. We have been very fortunate and the fund is in good shape. Some people think it is in too good shape. We started with \$1,039,000. We have disbursed \$1,063,000 and we have \$720,000 left. The reason we have such a good balance is that the Ontario government from the first took our money on a special issue of bonds and paid us 5 per cent. We are still getting 5 per cent on them. At the beginning that amounted to quite a nice sum. For a while we endeavoured to keep our fund at \$1,000,000 with the idea we would use the income from it and conserve the main capital because we felt then that in about twenty years from the time we started we were going to have the biggest demand on the fund because of the fact men were getting older and breaking down under the strain of industrial and commercial life added to the strain of the war. We find that is true. We felt that in twenty years from the time we started to operate we would begin to get the greatest demand on the fund. I think that would have still obtained if it had not been for the second war.

In the first place we started making fairly substantial grants, \$20 to \$40. Of course, we made one grant a month, not two or three grants a month, but we did not restrict it to one grant. If a man needed two grants, six grants, eight grants or ten grants, he got them as long as we were convinced he needed them. We have a case where one applicant has had as many as twenty-five or thirty grants. We have widows of ex-servicemen who are practically pensioners of our fund. We send them something every month because they are incurably ill, cannot work, or they are too old to work. We send them an allowance every month. It does not do the fund any harm and it does them a lot of good.

After we had been operating a few years the depression came. At that time we were assisting with university education as well as with primary and secondary education, and we found that our fund was being depleted at the rate of about \$50,000 a year. In 1931 we disbursed \$98,000—I will give it in round figures—and in 1932, \$99,000. From 1930 until 1936 there was only one year when our disbursements fell below \$80,000 for the year. Then we shaded off our grants, cut them down a bit, and we applied a little more attention to having the regular sources of relief and assistance to needy people tapped for the returned men just as well as for other people. The municipal sources had a habit of saying to a returned man, "You go to the canteen fund; they will look after you." We began to insist that the returned man or his family should get from the regular sources what everybody else got so that in addition the man who fought for his country was entitled to get something extra from our fund. We worked very strongly on that and we have got everybody working with us. That is one of the firmest convictions I have, that the canteen fund should be used to give the man who served his country something more than the other applicants for relief. He has a special fund that is his fund, and when he needs money from us he can come and get it.

At the same time we have this difficulty. They never come until they are right up against it and have not a cent. Then they will come to us.

As I say, we reduced our grants for a while. Then the second great war came along. The result of the second great war was astonishing. All these chaps

who had been annual applicants and that sort of thing all got jobs in the veterans guard, as watchmen, and that type of thing. Our applications fell by about two-thirds, about 66 per cent, with the result that the income from the fund began to take care of the assistance we were granting and leave a little balance, so that the fund built up again from \$685,000 to \$700,000. I think it hit \$735,000, and now it is down to \$720,000. Now we are tapping our capital again. I do not like to say I have told you so, but when I was before the canteen fund committee a few years ago I ventured to suggest that after this war was over there was going to be another great demand for assistance such as we were rendering through the Ontario canteen fund. I must say the committee expressed a great deal of disbelief over that. They did not believe there was going to be any need for a fund out of which assistance would be granted. They said that nobody was going to need any assistance after this last war, that everybody was going to have an income. I am telling you facts. That is what was said to me here in the committee.

Mr. CROLL: You were probably reading Liberal propaganda from the election.

The WITNESS: No. I will say this committee was very sincere about it. They thought that arrangements were going to be made so that nobody was going to be in need, but we have been in the business for twenty years and we know. I want to tell you this. Our applications for the first fourteen days of March exceed the total applications for March, 1946, and our disbursements for the year ending at the end of this month will be—

*By Mr. Cruickshank:*

Q. Can you give us any reason for that?—A. For the increase?

Q. Yes, at this particular time.—A. Yes. It is because these chaps who had jobs in the veterans guard, as watchmen, and so on, and who are too old for absorption in industry, are all out of work again, and when they have a little illness they have to come to us. That is where we want them to come. As I said a while ago these chaps are the greatest lot in the world. I can tell you from my experience of over fifty-five years in different occupations that they never come to you until they are absolutely up against it. I have been dealing with them, and I almost weep when I think of them. They are just marvellous. There is nothing like them in the world. There is no other class that is in the same class as these boys who served during the war. The same thing applies to the last war. As to our fund may I say we have been working all the time on as close an actuarial estimate as you could get because we did have a board with five very important actuaries of the insurance companies in Toronto who did their best to work out for us early in the life of the fund an actuarial estimate of how long it would last and how long the men would last. They did not do badly but they fell down a little naturally because it was a new job. We have been working as closely as we can on an actuarial estimate. We made a new estimate the year before last. Looking forward to the expectancy of life of the veterans of the first great war we figured we should make our advances substantially higher than they had been, and we did. At my request, and rather against their inclination, the board restored the assistance granted to university students. They had taken the stand—and I think perhaps with a good deal of right on their side—that if you help a student until he gets his senior matriculation and he wants to go ahead with a college education it is up to him or his family to finance that. However, there are some cases that are too good to let go, and where the family or the boy or girl cannot finance it.

If I am not taking up too much time I should like to give you a couple of instances of the kind of cases to which I refer where I think we should help, and where we are helping now. We had a girl from a family in a little village 100 miles north of Toronto. Her father was killed in the first great war and the

mother married a very fine chap but with very low earning capacity. He was just an ordinary labourer but a very fine chap. This girl was ambitious and wanted to go to university. She put herself through matriculation by doing housework for any of the neighbours who would employ her. One of the Legion members in her neighbourhood told her to see us. She came down and saw me. We paid her fees at the University of Toronto. She paid her keep by acting as mother's help in a family and by tutoring high school students in her spare time. I do not know where she found any. She went through university and took honours in every year of her university course at the University of Toronto. I say if a girl like that had been denied an opportunity to graduate it would have been a shame. When she got through she thought she would like to become a nurse. I got her into Christie street hospital as a student nurse. She graduated and she served through the Italian campaign in the last war.

*By Mr. Cruickshank:*

Q. I should like to ask a question as to your annual expenditure for a college year?—A. It depends on the course, a medical course runs to about \$250 a year.

Q. You are paying just the fees?—A. Just university fees; an ordinary arts course costs us about \$650, between that and \$700 for the whole course. We have given about 327 children of ex-service men business courses, and that is a very important part of our work in the educational line. These business courses cost us about \$195 each, that is for a ten-month course.

I should like to say, just in connection with educational assistance which we have granted, we have only had two failures. We have given over 300 business courses and we have put 46 through university. We have given 50-odd courses, special grants for things such as hairdressing and that sort of thing. Out of all this, we have only had two failures.

*By Mr. Croll:*

Q. You do not ever attempt to recoup the fund of any of this money, do you?—A. We have been repaid. We put a young chap through Osgoode Hall and after he started to practice he did repay us about two-thirds of the amount we spent on him.

*By Mr. Cruickshank:*

Q. Was that voluntarily?—A. That was voluntarily. We have taken this stand so far as our ordinary grants are concerned, for assistance in cases of need, these people needed it so badly they could not pay it back. The young people we help through university are the ones who have no money, and when they start a practice of some kind it keeps them pretty busy establishing themselves so we do not ask for any money back. We have had two or three cases in which we have had substantial repayment.

We are now granting to a married man—I have this noted here because I wanted to be very careful—a married man without any dependents, we will make a grant up to \$30 and for a married man with dependents, up to \$45 a month. To the widows of ex-service men without any dependents, we make a grant up to \$25, and to the widows of ex-service men with dependents, up to \$45.

*By the Chairman:*

Q. The widows to whom you make these grants, has the granting of discretionary pensions a year ago made any difference?—A. Yes, in the case where a widow gets a pension, really a veteran's allowance, we call it, we do not make her a grant.

Q. You do not supplement it at all? You may, in the case of extreme need, but ordinarily you do not?—A. Ordinarily we do not. To single men, including widowers without dependents we grant up to \$20 a month; widowers with dependents up to \$35 a month, and to nursing sisters who served in the Great War up to \$30 a month.

*By Mr. Benidickson:*

Q. You say this grant can be made more frequently than once a month, but I suppose it is seldom made more frequently?—A. I should like to qualify that by saying this; in 95 per cent of the cases, probably 98 per cent, it is once a month. Once in a while, you have a case of urgent need. For instance, we had a case not long ago when a man fell and broke his leg. He could not work, so we made him a grant. Within a week his son was run over by a car and taken to the hospital. He, of course, was unable to finance this and that would be a special case.

The way in which we work that is this; the chairman and I can make a grant within this framework once a month in a case which we feel is deserving. We can produce medical evidence that it is a deserving case. If we make a grant larger than this amount in any one case, or if we make two grants a month, we must report that to the whole board. The whole board meets about every second month. In the meantime, one trustee comes in every month to go over the office records. It is really a general supervisory section. We found that was a very good plan.

Perhaps I should say this now. There has been a doubt expressed as to whether our fund will be all used up. To put it another way, there has been fear expressed that there would be a lot of the fund left after the last man from the first Great War had passed away. We are just as much interested in that as anyone else. We want to see all this fund expended on the men to whom it belongs.

*By Mr. Cruickshank:*

Q. Or their dependents?—A. Yes, and that is one of the points I want to make. It was stated some time ago that our fund could not possibly be exhausted, because most of the men were getting old and they would not be lasting very much longer. So far as children of ex-service men were concerned they were all in their late teens and could not need assistance. We made a survey as the result of that. We drew 300 files at random from our files in the office and analysed them. As a result of that we found that fifteen years from now, allowing for the 25 per cent death rate each year, we will still have 66,000 men from the first great war, some of whom will need assistance from our fund.

*By Mr. Marshall:*

Q. That is, from the province of Ontario?—A. From the province of Ontario alone. So far as the children are concerned we had a case last week where we helped pay for the birth of a child of one of the veterans of the first Great War.

Mr. CRUICKSHANK: There is hope for most of us yet, then.

Mr. CROLL: That is only in Ontario.

The WITNESS: In that connection, the idea you only have to give assistance to the children of veterans while they are young and not after they get into their teens is wrong. You need to give very little assistance while the children are young, but as they grow up, especially in the case of girls, they need more assistance. When they get into high school or want to take a business course, they need assistance. We consider a girl or boy is not fit for a business course unless he or she has taken at least one or two years of high

school which means the children are sixteen or seventeen years of age before starting these courses.

*By Mr. Cruickshank:*

Q. The 60,000 you have left will naturally require more help as they are getting older?—A. They are requiring more now. We see it to-day. Perhaps I may say this, just in parenthesis, in regard to the assistance needed for men of the second Great War, we have men coming into our office every day. Of course, we cannot help them because our fund is limited to men of the first Great War.

*By Mr. Marshall:*

Q. You spoke about the three divisions; education is one and benevolence is another?—A. There are two grants to benevolence.

Q. Have you any figures showing the amount you have actually spent up to date in connection with education, and the amount you have actually spent in connection with benevolence, and also the number of cases you have handled? —A. The number of cases altogether?

Q. Yes?—A. I can give you that. We have accumulated, during our activities, 21,093 files. From these files we have received 64,340 applications for assistance.

Q. Are you speaking of education now?—A. No, this is the whole thing. I think probably 60 to 65 per cent of the applications have been successful right along. The figure for successful applications is higher now for a reason which also applies to the reduction in the number of applications, the knowledge of the regulations under which the fund is administered is spread among the men and they do not bother making an application unless they feel they are eligible for assistance.

*By the Chairman:*

Q. What you are saying is that you have fewer, what you might call frivolous applications?—A. Yes.

*By Mr. Croll:*

Q. Can you get down to the question asked by Mr. Marshall, it is rather important to us. What was spent on education as compared with the amount spent on dependents in either one form or the other?

*By Mr. Marshall:*

Q. You spent \$1,063,000. Of that amount, how much was actually spent on education and how much was actually spent in connection with benevolence? —A. I will not say for sure until I have an opportunity of looking to see if I have those figures here. However, I could supply those figures.

*By the Chairman:*

Q. You separate the amount spent on education and the amount spent out of the benevolence fund for the dependents?—A. We separate it under these headings; the No. 1 account is education, the No. 2 account is assistance for veterans and the No. 3 account is assistance to the dependents.

*By Mr. Fulton:*

Q. Both of those two assistances would be benevolence?—A. Yes, and very important, too.

Q. While you are looking up that information, would the assistance to dependents overlap at all on education?—A. We keep the educational assistance separate from the dependents. For educational assistance, up to March 31, 1946, which is our last statement, we spent \$131,556.

*By Mr. Marshall:*

Q. That is for education?—A. Yes.

Q. The balance would be for benevolence?—A. Yes, less the cost of administration.

*By Mr. Cruickshank:*

Q. In connection with education, when you are putting some needy child through school, will the Provincial Department of Education or any corresponding department, other than the federal government, assist you?—A. They do not assist us.

Q. I mean, assist the child?—A. Yes, the provincial government has established a very good system, a bursary system. The University of Toronto and Queen's University both have bursary systems. When we receive an application from a student, we ascertain whether the student can receive assistance from one of these bursaries, before we step in.

*By Mr. Brooks:*

Q. Do you require a recommendation from the educational authorities before you give any assistance?—A. The process generally is this; the family or the student makes an application and we require them to give us sort of family particulars and a letter from the principal of the school the student is attending as to his standing and ability, as well as the principal's recommendation as to whether the student is fit to take up the course. Very often we ask the student to interview the head of the college he desires to attend and get that person's opinion.

*By Mr. Cruickshank:*

Q. In that connection, may I ask you a question? In so far as the applications are concerned, educational or otherwise, supposing one of the veterans living in a small town in Ontario made an application, how do you check that? Surely he does not have to go to the expense of coming to Toronto?—A. No.

Q. Do you have some other facilities?—A. We usually do that through the legion. Of course, even if a man does not belong to the legion, the legion will handle his application. If he is not convenient to a legion branch—in the first place he has to give us a completed application form, furnish us with his discharge certificate so we can ascertain what his service was, and so on. Occasionally we receive an application from a chap who did not have any service. We also require a letter from his doctor, or the doctor of any of his dependents, showing the medical attention, as well as a letter from the Reeve or Clerk of the municipality, someone who can say that the applicant is really up against it.

Q. The reason I am asking, I believe in British Columbia, I am not sure, they used the Provincial Social Service Welfare workers?—A. We did that, too, for years, but not the provincial service because we did not have one; but we used the Neighbourhood Workers' Association.

*By the Chairman:*

Q. In the case of educational applications in outlying points, did you not use the inspectorial division of the Department of Education?—A. Yes.

*By Mr. Marshall:*

Q. Would it be a fair statement to say that less than ten per cent of your fund has been directed to education?—A. Yes, for which we are sorry.

Q. What is the reason for that?—A. Just because more applications have been received.

*By Mr. Cleaver:*

Q. Have you a record with you of the number of applications for educational assistance which have been received and declined?—A. No, I have not. I do not know, without a rather lengthy search that I can give you the number declined.

*By Mr. Croll:*

Q. Would it amount to a great number, from your recollection?—A. No, very few.

THE CHAIRMAN: The figure the witness gave us a moment ago, out of some 350, only two had failed.

Mr. CLEAVER: That refers to the granted applications. I was interested in what percentage of applications for educational assistance had been declined.

The WITNESS: I could check that for you.

*By Mr. Cleaver:*

Q. Have you any ceiling as to the amount you will allow for the assistance of any one child for education? How far will you take him?—A. We deal with each case on its merits.

Q. So, if you have a very promising applicant, would you grant enough assistance for a university education?—A. Yes.

Mr. LENNARD: It is regrettable that this repetition occurs. If the members of this committee would get here on time, we would not have this sort of thing. Major Lewis started out by saying he was not going to present a brief. Major Lewis is presenting one of the finest briefs I have heard presented to this committee. I do object to all this repetition. If a member of this committee cannot get here on time, then he should sit quietly by, secure in the knowledge the other members of his group who were here are looking after things.

Mr. BENIDICKSON: I have found that complaint on a lot of committees. I agree with Mr. Lennard we are hearing a very interesting brief this morning, but I think he has raised the objection at the most inappropriate time. I have been listening very carefully and taking notes and I have not heard a question which could be considered repetition.

Mr. LENNARD: Major Lewis did explain this very point some few minutes ago. You were making notes so fast you did not hear it.

The CHAIRMAN: I have been following the discussion very closely and I very heartily concur in the comments on Major Lewis' brief. The principal reason I have been so quiet myself is that I have been getting more information than I have had from any one brief for a long time. I have been rather quick, when I sat on the other side of the table, to say the same thing as Mr. Lennard did a moment ago, "Let us not repeat." I am bound to say, while I was not making notes, I thought we were getting another phase of the same thing. I did not regard this specific thing as repetition or perhaps I would have broken in myself. Major Lewis did state, very kindly, he would be glad to be interrupted at any time in order to have a point made clear. I think we all heartily concur in the structures of Mr. Lennard, but I think when we are getting information from one of the best sources, perhaps the committee members are justified in interrupting.

Mr. CRUICKSHANK: Let us get on with the business; we are quite prepared to go on.

The CHAIRMAN: I am very happy for once to take direction from you, Mr. Cruickshank. It is very seldom I am able to do so. If I must be quiet, the rest of you might follow suit. We will hear Mr. Lewis.

The WITNESS: I think this gentleman was asking me about the educational applications. Now, had I answered your question?

*By Mr. Cleaver:*

Q. I understood you had answered it to the extent that you are able. My question was, how many applications for educational assistance have you declined?—A. I cannot answer you by giving any figures, but I can say this, from my experience—all these cases go through my hands—I would say we have not had one per cent of refusals in our applications for educational assistance. We go as far as we can possibly go. We are stretching the regulations to the limit in order to give educational assistance. This is one activity we think is most important.

*By Mr. Cruickshank:*

Q. Major Lewis, I would like to refer back and ask for information. I do not know whether you can answer this or not but I would like to have the information if possible: I am very much interested in knowledge as to what extent, and I am not saying it in any critical way at all— —A. Quite so.

Q. —to what extent will the provincial Department of Education grant assistance to a student? If you have in your opinion a worthy student who obviously had not sufficient funds available—for instance the girl you put through of whom you spoke— —A. Yes.

Q. What I am particularly interested in is if you have a girl like that who in your opinion is worthy of every possible advantage and all possible education, what does the province do to supplement your grant? The reason I ask is that I want to see our own province do the same thing. Does the province give any financial assistance? Is there any limit? For instance, if you give—let me put it this way—and again I want you to understand that I am not saying this in any critical way at all.—A. Oh, yes.

Q. Supposing your fund gives \$30 to a student?—A. We have never worked that way. If we take up cases it is because they are not eligible for a provincial bursary or a university bursary; and then our conditions would have to be fulfilled before the student became eligible for a Leonard foundation or provincial or university bursary; and the students whom we help are those who are not eligible for any of those bursaries. Ye do not take anyone anybody else takes. We do it ourselves.

Q. It is my understanding that our own province in the case of the dependent child of a veteran—and I am speaking of the first great war, of course— —A. Yes.

Q. —who is unable to finance an education; I believe in the province of British Columbia they are eligible for a grant. How much that grant is I do not know. I understand that in some cases the provincial government would finance to the extent of, say, \$20. I was wondering if you would supply the other \$10.—A. We do not work that way. We have no system of that kind where we divide it up with the provincial government. Where they are taken care of by a provincial bursary or a university bursary our help is not needed.

Q. Don't you think that something of the kind should be done?—A. I really think our system is best, because if assistance is not forthcoming from one of these other sources we step in and we take the whole thing. We do not ask anybody else to assist.

Q. Now, I want your opinion on this; presume the provincial authorities—again using the figure of \$30—do you not think it would be good business for our fund—whatever you call it, the canteen fund—to give the initial \$10?—A. But you see in cases that we assist we cannot get a refund from the province, because if it were a case where the province helped they would do the whole thing.

Mr. FULTON: I wonder if I could put the record straight about what we do in British Columbia?

Mr. CRUICKSHANK: I would like to know.

Mr. FULTON: I do not think we have changed. We have certain bursaries and scholarships which are open to competition amongst children of returned service men. These range from \$100 to \$200, enough to pay the tuition fee.

The WITNESS: Yes.

Mr. FULTON: These are awarded on an outright competitive basis. In addition to that if any student, the child of a returned man, does not win one of these bursaries the university has a fund out of which they will advance up to \$100 on account of payment of fees. That is provided out of a special fund, so that the son or daughter of any returned man can get loan of up to \$100 a term which is made repayable at the end of the course.

Mr. CRUICKSHANK: That may be so, Mr. Fulton, but my recollection still is that there is some provision through the Canadian Legion whereby if it can be shown that a child is worthy of advanced education and it is proved that the father is dead, and that the people are not able to finance the education—I am almost sure there is provision for the provincial government granting assistance in such a case.

Mr. FULTON: There are these loans and bursaries which can be won outright.

Mr. BROOKS: But they are relatively limited in number.

Mr. CRUICKSHANK: Yes, all the scholarship competitions are open to everyone.

The CHAIRMAN: Gentlemen, I hesitate to interrupt this interesting exchange, but we have Major Lewis with us just for to-day. He has kept us very much interested for an hour and his time is half gone. I suggest that we have a royal enquiry into what they do in British Columbia and get on with what we are doing here.

*By Mr. Brooks:*

Q. Is it not a fact that on account of the assistance which the Province of Ontario is giving to cases of this kind that the amount that you have to pay is only one-tenth of the total amount for which they are liable?—A. That applies during the last five years, not previous to that. The Province of Ontario in the field of education, as far as I know—and I think I know—does not make any grants at all in the way of bursaries to assist the education of students. Now, I speak subject to correction.

Mr. CROLL: You are quite right. No one in this country knows as much about it as you do, Alec.

The WITNESS: During the last five years there was instituted a system of provincial bursaries out of which in the first year they assisted forty students and now it runs to something like one hundred and fifty, between one hundred and two hundred—I do not know the exact figures—involving a very substantial amount of money. But I want to make one thing clear in connection with the scholarships, and if I have not done so I am sorry, as far as I am concerned scholarships are out. For the assistance of children of veterans they are no good, because somebody who has lots of money comes along and wins one.

Mr. FULTON: That is right; they are competitive.

The WITNESS: Bursaries are a way of helping the children of veterans where you assist them on the basis of need; and it comprehends the ability of the student to justify it, without regard to—

Mr. FULTON: I used the word bursary.

The WITNESS: Oh, yes, I am not criticizing that at all; but you did mention that in British Columbia they had a system of scholarships.

Mr. FULTON: I did not want to take up your time arguing it.

The WITNESS: I only used that as a stop sign to give my opinion about scholarships.

*By Mr. Cleaver:*

Q. Did I understand you correctly that when any student receives anything in the way of assistance by way of provincial grant that student is not qualified to receive any supplementary grant from your fund?—A. You mean, in the same year?

Q. I mean in the same year. I am thinking of cases where the provincial grant would be made but would be inadequate?—A. Then I think you must be labouring under a misconception of the basis of the grant.

The CHAIRMAN: Order, please.

The WITNESS: The purpose of the provincial bursary.

Mr. HARKNESS: For goodness sake, Mr. Chairman, can't we have less talk around the table? I am getting fed up with not being able to hear the witness on account of these other people talking.

The WITNESS: A provincial bursary is not a grant of partial needs, it is a payment of fees, do you see. What I am trying to make clear is that there is a provincial system of bursaries; if a student is eligible for a provincial bursary he does not have to worry any more about his fees; they are being paid by the province.

The CHAIRMAN: Based on adequacy, I suppose.

The WITNESS: If he has not a full provincial bursary, or if he does not qualify for a university bursary, then we will establish a bursary and we pay the fees; he does not have to bother about getting assistance any place else.

The CHAIRMAN: All right, go ahead.

The WITNESS: Well then, sir, I think I am almost through. I have come to the point where I have told you about our expectancy of the continued life of the fund and the number of beneficiaries that would be left. I want to say that we are seeing things now which show that the views we had nineteen years ago were right, when we felt that the greatest demand on these funds would come after twenty years. If it had not been for the second great war our fund to-day would have been somewhere in the neighbourhood of \$400,000 instead of \$700,000, and it would have been all used up inside of eight or ten years, probably less; because once you begin to use your capital, and your income shrinks, it goes very fast. We found that out before when we were dispersing between \$80,000 and \$100,000.

*By Mr. Benidickson:*

Q. Would you have permitted it to become exhausted in eight or ten years; in other words, in advance of the survival of the veterans of the first war and their dependents?—A. No.

Q. I suppose you would have made your terms of grant more strict?—A. We would have cut the amount of grants here and there, and we would perhaps have been a little more strict. By that I mean to-day a man may come in and present a claim about which you are just a little doubtful, it may be what you would call a borderline case; what would you do?—A. What we do is give him the benefit of the doubt. I think that is what most anyone would do under the circumstances. I was going to add to that, if we were getting to a point where the fund was going to be exhausted too soon we would scrutinize the applications a little more severely, perhaps. We are convinced, our fund will run along so that its eventual depletion will coincide with the disappearance of the last likely claimants.

*By Mr. Harkness:*

Q. How long do you figure now that your fund will last?—A. We figure that it will last another fifteen years.

Q. You started to give us a breakdown which I think is now incomplete, between the three classes of benefits. You gave the figure on education. Have

you the other figures?—A. Oh, yes. For educational assistance we paid out \$131,556; for assistance to ex-service men, \$422,735; to dependents of ex-service men \$255,292; and then there was some \$40,000-odd cost of administration.

*By Mr. Cruickshank:*

Q. May I ask you who appointed the trustees of your fund?—A. The provincial government. Under the Canteen Funds Act of 1925, the fund was divided, as I explained, amongst the provinces, and each provincial government was to appoint a board of trustees.

Q. My second question is: How are your funds at the present time invested?—A. In provincial government preferred bonds carrying five per cent interest.

Q. Is that mandatory or is that the result of using your own judgment?—A. They earn five per cent.

Q. Do you follow me on that?—A. Yes. I will tell you how that happened. When the fund was first transferred to the provincial government it was put in the name of the trustees after they were appointed, and we went to the government and said; "This is for the veterans, for the men who served in any war and we want you to take this money and give us five per cent of it." So they gave us a special issue of bonds which they have renewed from time to time ever since 1927, and we have been getting five per cent interest on our fund.

Q. The reason I asked that was that in 1942 I think one of our recommendations was very strongly to the effect that in future all canteen funds must be invested in government bonds, either dominion or provincial. I am congratulating you on the excellent deal you made.—A. I was before the committee in 1942, and we discussed that at the time I was here. I think it is a pretty good idea to restrict investment to either provincial or dominion bonds. Of course, there are other bonds that are accepted as trustee investment, but for this kind of trust I think provincial or dominion bonds are the things to use.

*By Mr. Brooks:*

Q. This question may have been asked before, but if so I was not present when it was asked: How did the canteen fund of the last war compare in amount with the canteen funds which we are expecting to have as the result of this war?—A. From what I have read of the papers the present fund will amount to something over \$6,000,000. That is almost twice what it amounted to after the first great war.

*By Mr. Croll:*

Q. Would it be allocated on the same percentage: would the percentage of interest in Ontario be the same as for the last war, approximately; would it be around 42 per cent, as I think it was the last time?—A. It would be about the same thing.

Q. That would be for the whole of Canada?—A. Yes. The whole fund for Canada in the first great war amounted to less than \$3,000,000.

Q. Oh, I see.—A. And the Ontario share, as I said was 42 per cent of the total which was \$1,039,000.

Mr. BENIDICKSON: Let us not lose sight of the fact that \$30 would not go as far now as it would then.

The WITNESS: I was just going to be impertinent enough to make the suggestion—

Mr. CROLL: Go ahead, we want you to do that.

The WITNESS: —that in framing your ideas of how the funds from this last war should be used don't lose sight of the fact that you are going to have a

lot of men from the last war who are going to need assistance; and I say that very emphatically and very earnestly. It is all very well to say they are going to be employed. Perhaps they are. But there are lots of men whose capacity to earn will for some years to come be only \$18 to \$20 a week and you cannot keep a wife and two or three children and save anything against a day of sickness out of a salary of even \$25 to \$28 a week under present conditions; and when sickness comes along that is the time when they need help. There should be a fund to which ex-servicemen above all should be able to come when there is sickness in the family or some emergency of that kind and get some money and get it quickly. And that is another point. There was talk at the last committee of centralizing these funds from this last war for administration in Ottawa. Now, my only criticism of that is that you are going absolutely to ruin your benevolent intentions, because if an application has to be forwarded from British Columbia or Nova Scotia to Ottawa to be considered why, the man would be dead before there is any money forthcoming.

SOME HON. MEMBERS: Hear, hear.

The WITNESS: I am not saying that you should follow the same system as was followed after the last war because, as I said before, there were faults in it, the act was not tight enough; that is why I say you should administer this fund provincially.

The CHAIRMAN: Major Lewis, if you will permit an interruption, you will remember that the committee of 1942 did recommend a separate administration of the major fund; there was also understood and implied and stated in the recommendation that the administration of the fund and the selection of benefits would be carried out by provincial committees with imprest funds; that is to say, there would be no allocation to the Province of British Columbia, but they would be given what was in essence a drawing account, so much money, and that would be subject to audit. There would be money available there so that they would be able to take care of urgent cases.

The WITNESS: That is a point with which I took issue at that time and I am criticizing the same thing now. It is very important that there should be a fund available that could be made use of immediately. Ninety per cent of the applications we get are dealt with the day they come in and a cheque goes out either the next day or within two days, anyway. Some of them go out on the very day that the application comes in, because we have an arrangement made with the bank that if I cannot get the chairman immediately and we have a very urgent case we can handle it. We had one the other day where a man had to have \$30, and he had to have it that day or it was not any good to him. I signed a cheque and assured the bank it would be all right. They gave the man the money. Then I got General Williams to sign it when he came into the office."

*By Mr. Cruickshank:*

Q. I do not think we could get better advice anywhere. Have you any other suggestions to put forward?—A. I do not want to step out of my place.

The CHAIRMAN: We want your information. That is why you are here.

The WITNESS: There was a suggestion made—and it may have been abandoned—that a portion of this fund from this last war could advantageously be used for re-establishing men in business and that sort of thing.

The CHAIRMAN: That was not accepted in the last committee.

The WITNESS: I do not agree with it.

The CHAIRMAN: I think it was felt that re-establishment in the first instance of a veteran of the war was a government responsibility, and that the soldier should not be asked to re-establish his brother soldier with their own funds.

The WITNESS: The same would apply to re-training.

The CHAIRMAN: If I may, there are three questions on which I think the committee would be interested to have Major Lewis' opinion. At least I know I would.

Mr. CROLL: Just one minute.

*By Mr. Croll:*

Q. As best you can will you specifically give us the weaknesses that we must guard against now as a result of your years of experience? Can you enumerate them? Can you put your finger on them and say, "Avoid this, avoid that," as a result of your experience?—A. In the first place I would say you should have your Act very specific and have more than three trustees on any one of your local provincial boards, not less than five. Three is dangerous because two men can get control of a fund with only three trustees. We have seen that happen, but with five it is almost impossible. Secondly, there should be a definite arrangement made for proper supervision of all boards. I think that should be the duty of an official of the proper department. It might be that a central board at Ottawa could function, but I think an official from the department charged with the duty is the proper thing. There should be regular supervision of the work of these boards. There should be an official who will visit every office periodically.

*By Mr. Cruckshank:*

Q. What department do you think should handle that?—A. I would say the Department of Veterans Affairs would be the logical one.

*By Mr. Fulton:*

Q. Do you think there should be any attempt to write into such an Act the qualifications which a veteran or his dependents must meet before assistance can be received?—A. Only in the very broadest way. I think you should indicate very clearly that the fund must be used for certain classes of work, relief, benevolence, education and that sort of thing, but leave it to your individual provincial boards to work out their local salvation under supervision.

*By Mr. Harkness:*

Q. In other words, you believe the board should be given discretion to deal with every case on its own merits.—A. On its merits within the framework of the Act.

*By Mr. Croll:*

Q. Getting back to those two questions that were asked was it not a Godsend to you that the Act was loose and you were able to use your judgment?—A. There is no question about that at the time. It might have been framed strictly on lines that would have been fatal.

Q. Would there not be a danger that if we made it narrower than the present Act we might do ourselves more harm?—A. I know I did not make myself clear on that. The Act under which we operate does not say you must use this fund for this purpose or that purpose or anything like that. It says that without tying the hands—those are not the words exactly—of the boards of trustees it is suggested that the fund be used for such and such purposes. As it happened coincidentally we drew up our regulations before we saw the Act. We had not got a printed copy at that time and we drew up our regulations and they were exactly the same as the suggestions that were contained in the Act which Mr. Scammell drew at that time.

*By Mr. Fulton:*

Q. Is there a copy of your regulations available?—A. Yes, I have some right here.

The CHAIRMAN: Will you file one with the committee? I made a note to ask you to do so.

*By Mr. Marshall:*

Q. Have you a copy of your last financial statement?—A. Yes, there is a set from the beginning up to the present time.

*By Mr. Brooks:*

Q. All provinces were operating under the same Act?—A. Yes.

Q. Your province was evidently able to conserve their funds, and many of the other provinces were not. They dissipated their funds some years ago.—A. That falls into what we were rather discussing in a way. Some of the provinces—and I am not going to name them—acted in a different way. One province handed over the administration of their fund to the local Red Cross society. The secretary of the local Red Cross society proceeded to work out a very elaborate plan by which when an application came in from a man who was 50 miles out in the country he had him brought in and medically examined to find out what was wrong with him, and all that sort of thing. After three or four years of operation they had to practically close down until they got their fund conserved a bit. Then another province loaned money to soldiers' organizations to help them build club houses. They never got it back. Their fund was depleted. One organization loaned money to some rather influential officials who had no right to have it.

Q. Our present Act should be broad enough to guard against such things as that?—A. Quite; I think so. I think you should.

*By the Chairman:*

Q. Would you suggest that the legislation should actually designate not only the broad regulations but the composition of the provincial body whether they administer or advise? For instance, do you not think that the provincial setup, whatever it might be, should be uniform in all provinces?—A. Absolutely. That is what I have been preaching for a long time. We have just been fortunate. That is all. We happened to fall on the right idea. Some of us were acquainted with the rules governing such funds and we knew you could not invest your money in anything but trust securities. Therefore we did not do it. One provincial body did invest quite a substantial sum in securities that were not trust securities and they lost quite a bit on it.

Q. Major Lewis, in the course of your evidence you mentioned something on which I should like to have you elaborate a little. You said that scholarships were an unsuitable way of providing for veterans' children?—A. Yes, sir.

Q. And that bursaries were much more preferable? Has your committee, which is an influential committee, strong views as to the desirability of using more of this money for bursaries, or do you feel that education being the responsibility of the provinces the encouragement should be on the provinces to do that?—A. No, our own opinion always has been that educational assistance is not only the most important but the most interesting and of the most benefit to the country in the end, and that so far as the province is concerned they afford the means for securing an education but you cannot expect them to provide money to pay for all the fees. They are going a long way now with bursaries.

Q. Then you would feel that it would be desirable to spend more than the 10 per cent which you have been able to spend?—A. We would love to spend more.

Q. You would like to spend more?—A. Just last year we sent out to all soldiers' organizations, for which we could get any address in Ontario, a circular telling them what we had and asking particularly for any educational cases.

Q. The committee has already had numerous recommendations, some of which have been summarized and some of which the committee have not got yet, suggesting that the money now available should be amortized over a period

varying from five to thirty years with a view to making sure this money is spent for the men whose money it is, and their dependents. Against that there are almost as many recommendations that the money should be used to create a foundation for the benefit of veterans and their dependents in perpetuity more or less. That is what it amounts to and, for instance, that you could amortize our present fund roughly at \$350,000 a year for thirty years, and that the Act could give direction as to education and other things for which it could be used. The other scheme is that we should create in effect a foundation, that the income from the \$6,000,000 would be very considerable, and that it should be administered in the various provinces for stated uses of which presumably education would be one. The third major suggestion is that this money be used to create an army benevolent fund. The thought there again is to amortize that army benevolent fund over a stated period of years, and more or less make sure that the principal and interest would be spent for the benefit of the soldiers who raised it, and their dependents. Would you desire to say anything about any of those views?—A. So far as amortization is concerned I am afraid it is not practical. We tried that when we started. We were going to establish a \$1,000,000 fund and use the interest. We found we just could not do it, not if you are going to do justice to the men who are entitled to some assistance.

Q. You agree with the principle of spending the money in the lifetime of the men who need it?—A. I certainly do. Why should it go any place else?

*By Mr. Croll:*

Q. Your present plans are to spend it within thirty-five years?—A. To spend it within what?

Q. Thirty-five years?—A. That is from the beginning, yes.

Q. It will be a thirty-five year period at which time the fund will be exhausted?—A. Do not forget you have got more men to look after from this last war. You have got more money but you have got more men.

*By the Chairman:*

Q. I do not know that is clearly established. The air force and navy have elected to look after themselves.—A. We did not have any air force or navy in the first great war. It was all army.

Mr. CRUICKSHANK: Mr. Chairman, do you happen to know what enlistment we have to look after in this war?

The WITNESS: I have not checked figures.

Colonel STEWART: I have not it here. I will have to get it.

The CHAIRMAN: It is roughly 230,000 in the air force, 55,000 in the navy, and the total of those who passed through the Canadian forces is in the neighbourhood of 1,115,000.

Mr. CRUICKSHANK: I do not know whether or not you can give me this information offhand, but to say that a million and a half passed through the services may not mean much. A man might have come in to be examined, passed through and was not accepted. To put it another way what I am trying to get at is have you any idea how many men Canada had to look after in the last fund?

Colonel STEWART: I will have to get that.

The CHAIRMAN: The total number in the last war was in excess of 600,000. The service of some of those in this war was less than thirty days but the army figures it will be between 600,000 and 700,000.

Mr. CRUICKSHANK: What war?

The CHAIRMAN: This time. The army figures between 600,000 and 700,000 this time which is almost identical. This fund will have within 50,000 of the same number of people to look after as it had before and twice as much money.

Mr. CROLL: I think you are wrong on that statement.

The WITNESS: The enlistments in the first great war were not as great as in this.

The CHAIRMAN: The total enlistment from Canada in the first great war was just in excess of 600,000. The total enlistment in the present war, or the total of those who served, is in the neighbourhood of 1,115,000.

Mr. CRUICKSHANK: Is that army or all?

The CHAIRMAN: All services. We were told the other day the air force is roughly a quarter of a million and the navy roughly sixty thousand, so if you take 310,000 from 1,100,000 you have roughly 700,000. I say that figure represents a difference of less than 50,000. By virtue of the fact that the navy and air force have established their own benevolent funds they apparently have excluded themselves from the benefit of this fund.

*By Mr. Cleaver:*

Q. I should like to ask a question. You were operating the Ontario fund under what I might call four main headings. That is, you could not make any grants for distress arising out of unemployment?—A. That is right.

Q. You could make grants for urgent cases arising out of illness and you could make grants for educational purposes?—A. That is right.

Q. Did you find that those restrictive provisions prevented you from extending assistance to any cases which you believed to be needy cases?—A. Not very many; there was the odd case. This is going into another field because we are not allowed to assist pensioners. That is aside from this. We had the odd case of a man who as a result of unemployment was up against it where we probably would have liked to help. The reverse of that is this, that if we had started to help unemployment our fund would have been gone years ago.

Q. The reason I ask that question is this. As a result of these restrictive provisions the Ontario fund has been maintained in pretty fair shape over a long period of years. Can you see any objection to similar restrictive provisions being introduced into our new Act?—A. No, I think you should have very similar provisions if you want to have your fund maintained.

Q. I have one other question and then I am through. Can you tell us as to what percentage of the interest earned was used for administrative purposes?

Mr. CRUICKSHANK: \$40,000.

*By Mr. Cleaver:*

Q. The percentage?—A. Probably over a term of years right from the beginning up to the present time our administration has amounted to 14 per cent.

Q. Of your interest earned?—A. Yes.

*By Mr. Benidickson:*

Q. On total disbursements?—A. On total disbursements.

*By Mr. Cleaver:*

Q. What percentage is it of your interest earned?—A. It would be about 10 per cent to 12 per cent.

*By Mr. Cruickshank:*

Q. I should like to ask one question. I do not know whether it is a fair question, and if not it need not be answered. We have very decided views on the question in the province of British Columbia. Have you any comments to make, from your experience with the last fund, as to how the \$6,000,000 should

be allotted across Canada?—A. I do not see any fairer way of distributing your fund than was done the last time, distributing it on the basis of enlistments from each province.

Q. The reason I am asking that question—I do not want to be unfair to the witness and probably I should be asking you, Mr. Chairman, or the committee, we, from the province of British Columbia, maintain, probably due to our climatic conditions, that we have had a far greater discharge of service personnel both from the last war and this war, than enlistments. There has never been any dispute of the service figures in this respect. Therefore, we maintain it should not be allotted on an enlistment basis.

Mr. CROLL: They will all come back to Ontario very quickly.

The CHAIRMAN: If I might interject something at this point, I think about a dozen of you were at the previous committee meeting and know the recommendation of the committee at that time was not to make an allocation to the provinces because of the extreme fluctuation of the population in this country, particularly the veteran population. The argument which you have just advanced and which I think you supported at the time, was one of the arguments for centralization of the fund and allocating it on the basis of need to the various provinces, keeping in mind it would be necessary for the provincial committees to always have sufficient funds on hand, subject to the Auditor General's audit, to take care of the day to day situation.

Mr. CRUICKSHANK: There is one mistake in your statement and I think Mr. Fulton will bear me out, centralization of the fund was for banking purposes. Then, distribution was to be as you have stated, but if my memory serves me correctly and I think it does, discharge was to be taken into account in that allotment.

The CHAIRMAN: The last report of the committee, Mr. Cruickshank, does not mention that.

Mr. CRUICKSHANK: Then the reporters did not accurately report the British Columbia members.

The CHAIRMAN: The British Columbia members did not write the report, they concurred in it. I was speaking of the final report. There is no provision in the recommendation of the committee for any allocation to provinces other than that the responsible committee in that province says, "In British Columbia we need X sum of money more than the proportion allotted," and then the committee establishes the need for it. Upon establishing the need, the committee has the right to get the money; that was the recommendation of the committee.

Mr. LENNARD: I could not go that far, so far as the discharges are concerned. I could not stand for that because I know of a good many chaps who asked for a discharge in some place in British Columbia just to get the trip to the coast. If you could establish a residence rule, establish that you have so many veterans residing in British Columbia, that would be different. A great many I will admit who probably went to the coast are still there, but a great many were discharged in British Columbia and returned to Ontario. I could name you a dozen chaps who did that and I think many of the other members could too.

Mr. CRUICKSHANK: Mr. Lennard nor any other member of this committee should ever try to tell me that anyone ever stayed in British Columbia, even long enough to be discharged, who would come back to Ontario.

The CHAIRMAN: I think, at the moment, we are not in a position to decide finally on the matter. This information will have to come out, and I am in the unique position, except for the last statement of the member, of being able to agree with both Mr. Lennard and Mr. Cruickshank. As to the statement about British Columbia, I do not think that we can settle that here. Time is running along and we still have some loose ends to gather up.

*By Mr. Harkness:*

Q. I should like to go back to this question as to the length of the time the fund should be established. Someone mentioned thirty-five years, but on the basis of your experience, you apparently have had this fund in operation for about forty-five years as from the end of the war—

Mr. FULTON: As from the date of the establishment of the fund, it would be thirty-five.

*By Mr. Harkness:*

Q. I am talking about from the end of the war. You figure it would last another sixteen years?—A. We did not start to operate until 1928, though.

Q. What I was getting at though is, on the basis of that length of time, would you think the present fund should be set up in such a way that it should last, we will say, forty-five years? In other words, would you think there was a need for it—perhaps I had better frame the question another way?—A. I do not think that is a fair question for this reason, you are saying, "Should the fund last for forty-five years?" You are comparing it with a period of forty-five years, not from the time the fund was established, but from the time the war ended.

Q. Do you think there will be a very definite need for a fund of this kind for at least forty-five years from the end of the war?—A. That is a matter of opinion, but from my experience I would say that, with the great number of young men you had in this war as compared with the number we had in the first great war, you would have need of a fund for at least forty years.

*By Mr. Probe:*

Q. Do you not think there is a changed attitude towards social services generally which will have a lessened impact on the fund due to the attitude of public bodies with respect to old age pensions, for example, which did not exist after the last war and family allowances which did not exist? It seems to me there has been a change of emphasis on need. There are provinces who have instituted health insurance, for example. All those things will have an effect on the requests which will come in for assistance from the canteen fund. It would seem to me the philosophy has changed considerably with respect to where the responsibility lies for assistance in all cases of need. There is less of the emergent need, it would seem to me, now than there was twenty years ago?

Mr. HARKNESS: I think Mr. Lewis' evidence was to the effect there is a great deal of need.

Mr. CROLL: At the moment, he said.

Mr. HARKNESS: And it is likely to be so.

The WITNESS: It is anyone's guess as to the effect social services will have in the future. The only answer I could make as to that would be this: during our operation of the fund, the War Veterans' Allowance Act was set up. It was not in existence when we started. The establishment of the War Veterans' Allowance Act did not make the slightest difference.

*By Mr. Probe:*

Q. It did not lessen the drain on your fund at all?—A. Not in the slightest

Q. I noticed in your Ontario regulation you do not grant any relief—at least, that is my reading of the regulation—you grant no relief for conditions resulting from unemployment?—A. That is correct.

Q. Do you mean by that, if a person happened to be unemployed and had an equivalent basis of urgent need, some sickness which could not be met by the normal social services set up in the community, that the canteen fund would turn down the application?—A. No, we consider all applications from all persons coming under the regulations because of illness, whether the applicant is

unemployed or not. As a matter of fact, the majority of our applicants who receive assistance on account of illness are unemployed. As I said before, these boys do not ask for money until they are so hard up that they just have to have it.

Q. This fourth heading of yours under "Regulations" is a bit misleading.

*By Mr. Baker:*

Q. I was wondering how you went about picking the trustees. Were the trustees picked from any particular walk of life, or what?—A. I think our trustees were rather selected on a geographical basis and, of course, having consideration for experience and ability. General Williams was from Toronto, Hooper was from Sarnia, Bould was from Kingston, Captain Ferry was from Sudbury and Haney was from Sarnia. Kippen, who took Wilf Haney's place came from London.

*By Mr. Cruickshank:*

Q. Do you recommend that the same procedure be adopted for the new fund, that the provincial governments make the appointments?—A. No, I do not say that. I do not know that I would say that is really a good idea.

Q. That is the way it was done last time?—A. That is the way it was done last time.

The CHAIRMAN: We are in a position here of having an opportunity of looking at, coming from Manitoba as I do, the second most successful administration. There were other provinces, gentlemen, where the committees were appointed by the provincial government and where investments in provincial bonds and various other things did not work out nearly so happily as they did in Ontario. I think it would be unfair to judge the old scheme or attribute to the old scheme all the merits which the personalities in the Ontario administration brought to this fund.

Mr. CRUICKSHANK: I was simply asking that question for information. I did not even know who the trustees were in British Columbia.

The CHAIRMAN: There are not any now.

Mr. CRUICKSHANK: That is because you fellows kept all the money. While we did have trustees, I think there were very capable men.

The WITNESS: They were headed by General Foster.

Mr. CRUICKSHANK: I am sure they were efficient men. I congratulate Ontario for having one private amongst all these brass hats. I want to know because I think I, as a member of the committee, welcome the recommendations from the various provinces as to what they consider the best set-up. We do not have to adopt what they suggest. You would suggest that they not necessarily be appointed by the provincial government?

The WITNESS: As a matter of fact, I am inclined to think they should not be. I feel there has been no great harm as a result of it, but this is the place from which the fund should be administered, Ottawa.

*By Mr. Harkness:*

Q. That is consistent with your suggestion some department should have supervision over it as that would ensure some uniformity in the type of relief which would be granted?—A. The present Act of the first Great War rather leaves the trustees out on a limb, if I may use that expression. The trustees are appointed by the provincial government. They make their report to the federal department. No one pays any attention to them, particularly; they are on their own and it depends a lot on the men.

Just to complete what I have said I will say a word regarding how our men were appointed. General Williams was previously on the Soldiers Aid Commission for Ontario which had been operating from about 1915. It had

been dealing with soldiers' affairs, and, I may say, very successfully as Colonel Croll knows. Colonel Hooper was also, for a time, on the Soldiers Aid Commission. Private Bould was very active in all veterans affairs in Kingston. He was recommended by the veterans for the position. Jules Ferry has been, right from the last war and is to-day, a leading veteran in Northern Ontario on veteran's affairs. They go to him about everything.

Mr. CRUICKSHANK: The reason I was following that up was that it appears to me that veterans of to-day are in a different position from those at the time the old fund was set up, principally on account of the fact that they are not organized. My own view is that whether they are members of the Legion or not the provincial command of the Legion in each province should be the ones to deal with matters of this kind. Handling them in that way would take them out of politics. Anyway, the Legion is the largest veteran organization in each province of Canada.

Mr. CROLL: If you remember, Major Lewis, Ferry was the representative of the Legion, he was the head of the Legion; Jules Ferry was a member of the Legion on the board at the time.

The WITNESS: Yes. He was president of the Ontario provincial command of the Legion. I may say that at the last convention of the dominion command of the Legion in Quebec, just a year ago now, there was a very active committee composed very largely of men from this last great war appointed to deal with this question of canteen funds. I do not know whether you have heard from them or not?

Mr. CRUICKSHANK: Some of those here are on it.

The CHAIRMAN: The Legion Dominion Command Committee will be here immediately after the 15th of April.

*By Mr. Cleaver:*

Q. Would you care to put on the record the outstanding reasons why you believe amortization of the fund over a fixed term of years would not be a practical way of disbursing it?—A. Well, the principal reason which appeals to me is that you cannot foresee what the future is going to bring about. You may be all right for two or three years and then you may have a bad depression with thousands of men out of work, or ill. Then, amortization is rigid; you should not have things too rigid in the administration of a fund like this.

The CHAIRMAN: Is not this an important objection from what you say, that by establishing limits you freeze your fund, while the purpose is to make money available at the time of greatest need over the lifetime of the men?

Mr. CLEAVER: That is exactly what I wanted to have on the record.

The CHAIRMAN: In order to clarify the matter could one say that it might be that the soldiers would be best served by spending all this money in two years at some indeterminate time in the future.

*By Mr. Benidickson:*

Q. Who is eligible to make application on the Ontario fund?—A. Anybody can make application on behalf of a veteran, but he has to sign it himself.

Q. What type of veteran? For example, is an Imperial veteran eligible? —A. No, the Canteen Fund Act provides that the main fund shall be used only for ex-members of the Canadian Expeditionary Force—only for those who served overseas. The smaller fund is for those who served in Canada; and every man who served in the Canadian Expeditionary Force is eligible to make application there.

The CHAIRMAN: Have you devoted any money to supplementing the Last Post Fund?—A. No. The Last Post Fund takes care of the funerals of veterans. We still help with the funerals of dependents.

(Discussion off the record.)

*By the Chairman:*

Q. Major Lewis, a question has arisen two or three times in connection with the disbursement of money from this fund; there were canteen funds originally which were not made available for the benefit of commissioned officers; are there any such restrictions?—A. We have helped officers. We are helping one now. But the number of applications you get from officers is very small. I am quite sure that we have not had more than fifteen such applications in the course of our whole operation.

The CHAIRMAN: Thank you.

Gentlemen, we have had the benefit of a very understandable and helpful talk today from Major Lewis. We have had him on the grill for an hour and three quarters. I feel sure that if there is any other possible question arising out of his experience that anyone wishes to ask he will be glad to answer.

If there are no further questions then I should like to express to you, sir, on behalf of the committee, our very great regard for the work your committee has done, our appreciation of your effort in coming here and particularly our thanks for the very helpful talk you have given us today.

I cannot express our feelings any better than that. I am sure you will carry back to your colleagues on the board our thanks for their kindness in making you available to us.

The WITNESS: Thank you very much, Mr. Chairman.

The CHAIRMAN: Next Friday we will have a similar discussion, led by Mr. Justice Ross, formerly Brigadier Ross.

The committee stands adjourned.

The committee adjourned at 12:45 o'clock p.m. to meet again Friday next, March 21, 1947, at 11.00 o'clock a.m.











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SESSION 1947

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HOUSE OF COMMONS

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SPECIAL COMMITTEE

ON

# CANTEEN FUNDS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

FRIDAY, MARCH 21, 1947

## WITNESSES:

His Honour, Judge Alexander Ross; Colonel A. W. O. Stewart, President, Regimental Funds Board, Department of National Defence.

OTTAWA

EDMOND CLOUTIER, C.M.G., B.A., L.Ph., [REDACTED] 11111 9  
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1947



## MINUTES OF PROCEEDINGS

FRIDAY, March 21, 1947.

The Special Committee on Canteen Funds met at 11.00 o'clock a.m., the Chairman, Mr. L. A. Mutch, presiding.

*Members Present:* Messrs. Baker, Brooks, Cruickshank, Emmerson, Fulton, Harkness, Langlois, Lennard, Marshall, Mutch, Probe, Winkler, Wright.

*In Attendance:* His Honour, Judge Alexander Ross; Colonel A. W. O. Stewart, President, Regimental Funds Board, Department of National Defence.

Judge Ross was called, heard and questioned.

Colonel Stewart was questioned.

Judge Ross tabled a draft copy of an agreement dated March 11, 1940, between the Honourable the Minister of National Defence and the Canadian Legion War Services Inc.

Judge Ross retired.

It was agreed that witnesses representing the Royal Canadian Air Force Benevolent Fund and the Canadian Naval Service Benevolent Trust Fund be heard on Monday, March 24, and Friday, March 28.

At 12.40 o'clock p.m. the Committee adjourned until Monday, March 24, at 11.00 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

March 21, 1947.

The Special Committee on Canteen Funds met this day at 11 a.m. The Chairman, Mr. L. A. Mutch, presided.

The CHAIRMAN: Gentlemen, we are fortunate this morning in having with us Judge Ross of Yorkton, who has had a lifelong association with Legion matters and with various committees of this House dealing with Legion and veteran matters well known to all of us as indeed he himself is known to you.

We created, I think, a very helpful precedent in our last meeting by turning the meeting over to the witness, and the witness, Major Lewis, permitted us to question him as he went along and thereby clear up points which occurred to members at the time. Judge Ross has suggested to me that we follow the same procedure to-day.

At the close of the meeting I would like the steering committee to remain for a few moments so that we may plan our future course.

I shall now ask Judge Ross to tell us his story.

### Judge Alexander Ross, called:

The WITNESS: Mr. Chairman and gentlemen, I appreciate the opportunity of coming before this committee, and as the chairman has referred to my previous experiences may I say that on this occasion I come entirely free; I represent no interests; what I say to you represents my own views and I have nothing which I am trying to sell to you. I am simply trying to give you the benefit of my experience ranging over a period of more than twenty years in dealing with veterans' matters generally and also with the matter of canteen funds.

There are many men in Canada such as Major Lewis, who spoke to you at your last meeting, who are much better qualified to advise you on the mechanics of the administration of the fund and deal with the cases that come up; my excuse for being here, if any, is that my viewpoint is not local or provincial, but national, because for a matter of ten or fifteen years, particularly during the hard years of the depression, I was constantly moving around through Canada on veterans' business, and had an opportunity of viewing the workings of the Canteen Fund Boards in the various provinces and learned to appreciate the absolute necessity of such a fund, not as a relief measure but as a measure which would tend to relieve hardship until ordinary methods of assistance could be made available. In my opinion such a fund is absolutely necessary to the well-being of the veteran body. At the same time I also appreciated that there were, in the original set-up, certain defects which I believe would, if corrected, make for more efficiency.

That is the principal matter on which I would like to speak to you this morning. I hope that nothing which I have to say may be taken in criticism of the very excellent work which has been done by many provincial committees; some failed, but generally speaking these voluntary workers made a magnificent contribution to the welfare of the veterans in Canada. But I do think that the scheme under which they are working could be improved, and that is the primary reason for my speaking to you, to-day.

But in approaching this problem I think we must remember as we should remember when we approach all veterans' problems of to-day that the experience gained from the first war are useful in correcting mistakes. But at the same time we must always remember that conditions have changed, and that because something was good following the first war it does not necessarily mean that the same condition exists which would make it good today. Since that time there have been very considerable advances made in social security. There are means available for assistance which were not available in the years to which I have referred. Then, of course, we have always to consider the psychology of the men involved. I believe there may be a different psychology in the two groups. These are all things that have to be considered. The primary matter that we should consider is that this fund belongs to the men who served in the last war; and it must, to a large extent, be left to them to develop the policies as to how that fund shall be used, subject to the general principles which can be laid down by experience; and we should be careful not to follow too rigidly what was done after the first war because, as I have said, conditions are different to-day.

There is one point to which I wish to refer and it is that we are now dealing with the canteen fund in the same manner in which that fund was dealt with following the first great war, but it so happens that now it is only an army canteen fund. In the first war the army was the predominant factor; the funds were largely derived from army operations, although the funds were made available to men of all branches of the service. Now, I understand that the navy and the air force have established funds of their own, operating under a company charter, and these funds are now going concerns; and therefore we have this rather strange position that following your deliberations there will probably be a statutory authority for the army funds whereas the other two funds will be operating under a company charter. That, I think, is a situation which probably cannot be corrected now, but I think it is unfortunate in several ways. In the first place, there is going to be a great deal of extra assistance necessary: we will probably have three dominion boards, three provincial boards in each province, and also there will be the overhead cost of administration. I notice the Air Force fund appears to be working on a purely voluntary basis at present as far as this country is concerned. How long that will continue I do not know. If their experience shows that it is possible to do that it would be a great gain, but generally speaking most of the funds, following the first war, found it necessary to employ some administrative personnel for the various boards.

Then, too, there would be the differences of policies. You undoubtedly will have to lay down some directions for the organization which is charged with the administration of these funds and which will have to be followed. The other boards may be operating under an entirely different set of principles. We are going to have very different administrations and there may be heart burnings because one board may be more generous than another. Also there is the situation that this board operating under fairly strict control—not too strict, but under fairly strict control—may be conserving its resources over a long period of time while others operating more liberally may spend their resources in a short period of time, and you may have the unfortunate situation that in ten or fifteen years the army will still have abundant money and the navy and air force have none. That, again, is going to cause heart burnings. That is a situation that could develop and it probably cannot be cured now, but I think that perhaps some consideration might be given to some effort at coordination in order that all may work under one common policy.

Now, the next question I want to speak about is the composition of the fund. I have had an opportunity of examining briefly the report which has been submitted on the composition of the fund, and it is gratifying to know that

it is a substantial amount. I am particularly gratified to know that considerable moneys have been derived from the national auxiliary organizations because I was chief executive officer of the Canadian Legion War Services during practically the whole war, and was a party to the arrangement whereby the profits had been diverted from the organization to the men to whom they properly belonged. I am gratified at the results secured and I am, of course, keenly interested in seeing that everything possible shall be secured to make this fund as large as possible.

I do not know whether you consider it within the scope of your inquiry to ascertain whether all resources have been tapped, but if you do not feel that it is within the scope of your inquiry, I suggest to you that something should be done to make sure that all the funds which properly belong to this fund are channelled into that fund on liquidation.

And I wish to suggest two fields which I think might be explored. In Canada the organizations operated under a hard and fast contract with the government whereby we were required to return 5 per cent of the gross sales to the unit served, in this connection Canadian Legion War Services paid \$339,000 to the various units which we served, and after this the sum of \$238,000 the net profit was paid into this fund. This is quite clear; but the contract contains another clause which I think should be mentioned to the committee, and that is that at the close of operations we were required to liquidate the undertaking and the funds secured in liquidation would go into this fund also.

Now, there is a complication here. Originally we operated under public money; we appealed to the public and the public entrusted the organization with large sums of money, amounting to \$10,000,000 or \$12,000,000 which were raised directly from the public. With that money the organizations operated over a period of years. They purchased buildings, erected huts and bought equipment to carry on; and then after two years' operation the government stepped into the picture and they said, "We cannot have these appeals to the public going on, we are going to finance you ourselves." From that time on we operated on advances from the government. At the conclusion of our operations there has been liquidation, certain of our properties have been turned over to the forces, and we have had a clearance; also certain things went to the D.V.A. and we have had a clearance on them. The balance we have sold, and we have a substantial balance waiting for disposal. The question of this fund disposal and this fund has not been settled but it will probably go to the Treasury.

The point I wish to make is that part of that money was realized in the disposal of assets which were provided for by money subscribed by the public, and under the terms of that contract that money should go into this canteen fund. It is difficult to ascertain that amount, but I do think an effort should be made to come to some settlement, because obviously the public subscribed the money for the benefit of the men. There should be some means, either by percentage basis or by some other form, whereby a portion of that money, which in the case of the Canadian Legion War Services amounts to some \$600,000, should be diverted into this fund. I leave that for your consideration. You may not be able to do it yourself, but I do suggest that machinery be set up and power be given to negotiate for and secure, that which is the men's due.

Then, the overseas situation is different again. In Canada we worked under a hard and fast contract; overseas there was no contract. The only thing we have is a directive that moneys derived from canteen operations should be placed in a separate fund to be disposed of after the war was over. Nothing has been settled as to what should be done with the money. Canadian Legion War Services has collected on canteen profits in the United Kingdom and Europe the sum of \$548,000. Of that amount the government has already appropriated \$125,000 in England on a claim for reimbursement for buildings supplied, work

done and so forth. That, of course, is a different policy from that which was pursued in Canada. In Canada all buildings were supplied free, and services were free, and the profits went to the men.

*By Mr. Brooks:*

Q. You spoke of your organization, Judge Ross, what do you mean by your organization?—A. The Canadian Legion War Services.

*By Mr. Lennard:*

Q. Was that \$125,000 appropriated by the Canadian government or the British government?—A. The Canadian government. Actually the way that worked out was this: when things were in process of winding up, instead of sending money from Canada to finance the legation they authorized us to use it to finish our operations over there and now claim to retain it to meet other charges. Now, Canadian Legion War Services has in the bank in Canada \$423,000 which is canteen profits after deduction of that sum. No one has yet told us what has become of that money; but the military authorities have filed a large claim for expenses they incurred in services in undertakings which they gave to us to operate in northwest Europe after V-E Day, and I believe they think they should reimburse themselves with this money. The situation is that after V-E Day they took over hotels, theatres and established leave centres and recreational centres, all of which were operated on a splendid scale, and we simply operated them, and the canteen profits went back to the United Kingdom. Now, apparently, there is a large expense incurred which they feel should be reimbursed from some source.

*By Mr. Probe:*

Q. These were authorized by the Department of National Defence?—A. Everything was done by the military authorities and we were simply called in. They said: "Now, there is a hotel; you take it over and operate it," and we did so successfully. But at that time there was no arrangement about money; or what we had to pay. I am not saying whether the government had a proper claim or not, but I do think someone should be charged with the responsibility of seeing that the soldiers get their canteen profits. You see, I had a part in the raising of this money, and I am interested in seeing that it gets where it belongs without denying anybody the right to what they are entitled.

The CHAIRMAN: Is it your point that in the absence of a contract you are anxious that whoever finally administers this fund should have power to negotiate a settlement?

The WITNESS: Someone should have power to negotiate a settlement; yes, that is my point. In other words, I would ask the committee to recommend that this money be not taken into the consolidated fund until this question is settled, but that somebody representing the men have power to negotiate a fair settlement.

Mr. LENNARD: You need not worry about that.

The WITNESS: I am telling you that the government may have certain legitimate claims on it.

Mr. CRUICKSHANK: We do not care if they have or not.

The WITNESS: We have the money and it is going to be called for one of these days.

*By Mr. Probe:*

Q. This \$423,000 is the overseas surplus which you now hold in Canada?—A. Yes, awaiting orders for disposal. We cannot draw a cheque on it until the government tells us to; it is frozen account.

Now, I have drawn your attention to this matter because I do feel that somebody should be responsible for seeing that there is an arrangement made to handle this money. Probably the committee can do it; but I have suggested the final administrative body should have power to negotiate and the fund should be held in suspense until the matter is finally settled.

Q. Have the Canadian Legion War Services activities been completely liquidated now?—A. Yes, we have completely suspended operations in Canada since the 30th of June last year and overseas since the 30th of September; administratively we cease to exist on the 31st of March. We will have to turn these balances over to wind up; we are off the government's books as of the 31st of March.

The CHAIRMAN: Your main point is that the money having been frozen so you cannot spend it you would like to know it is frozen so that it cannot go into the treasury?

The WITNESS: Yes, until somebody decides these questions involved.

Mr. WRIGHT: I think you said you had returns from one asset to be completed; are there any others?

The WITNESS: No, they are all completely liquidated. There may be some outstanding accounts, but they are paid out of other funds—they do not affect this fund. As far as this fund is concerned, it is complete. Before I pass from the composition of the fund, I think there is one other thing I should mention, I should like to suggest you keep very careful control of any outstanding small trust funds. Following the first great war there were a lot of disbanded units which had a lot of money left. They all formed trusts. Some worked and some did not. I suggest, except in the case of a continuing unit, such as a permanent force unit or a non-permanent force active service unit which has accumulated canteen funds, all those funds should be gathered in. I believe, however, that has been done.

The CHAIRMAN: Colonel Stewart could probably tell us whether that operation has been completed.

Colonel STEWART: It is not completed as yet, insofar as the funds of active units are concerned. There are several cases in which we are having a little difficulty in getting money. I should say, in the majority of cases, it is in, but there are a few, probably a half dozen, that are a little adamant about letting go of the C.A.S.F. funds which were put in their trust.

The WITNESS: Insofar as a continuing unit or continuing regiment is concerned, one which is going to carry on, I have some sympathy with the view of the commanding officers that those funds should be retained because in an active service unit there is a certain esprit de corps. When a man gets into trouble, he invariably turns to his former comrades and it means a series of "touches" unless you have some fund readily available to reimburse yourself. I would not be too strict with regard to what is a strictly regimental fund which is going to be used properly.

The CHAIRMAN: On that point, while we have Judge Ross and Colonel Stewart here, certain of these veteran guard reserve units, to my knowledge, built up a regimental fund by subscription from the officers and men. I think this was particularly true of these units because many of the men in the ranks—

I know of one sergeant who employed both the O.C. and another officer of the unit at nights. Financially, many of the men were able to make contributions. Am I right in saying that those funds have been frozen?

Colonel STEWART: I think the majority of them have been drawn into our fund and included in it.

The CHAIRMAN: Is there any provision anywhere for taking into consideration the fact that those funds were, in fact, raised by public subscription? They did not operate a canteen.

Colonel STEWART: Many of them did.

The WITNESS: I think you are talking about two different things. You have the veteran guard reserve in mind, have you not?

The CHAIRMAN: Yes.

Colonel STEWART: Even in the veteran guard reserve they had canteen funds which we have drawn into our fund.

*By Mr. Brooks:*

Q. Your remarks did not apply to the veteran guard reserve units, you were only talking of the active forces units?—A. Yes.

Mr. LENNARD: I think there is a point there which should be taken up later. Any veteran guard unit which subscribed to a fund, I do not see that those moneys should go into this fund. The unit should have the disposal of that, but we will not take any time on that now.

The CHAIRMAN: I just wanted to know whether Judge Ross had anything to add on that point while he is here.

The WITNESS: I would just suggest consideration be given to the continuing units representing the active service forces. Perhaps they might have some special consideration shown them because I know their officers have a great many calls, and to be able to satisfy those calls helps maintain the esprit de corps of the unit.

The next question you will have to consider I imagine is the allocation. This is my first criticism of the Act of 1925. In that case the government of the day decided that the fund should be allocated on a percentage basis in the various provinces. The government decided each province would receive a certain amount of money which was sent to the provincial government with the request that the provincial government appoint a board of trustees and make such regulations as they deemed necessary. That was the end of it. There was no control exercised from Ottawa and there was, in my experience, no control exercised by the provinces. In other words, the boards were on their own with the exception of a few vague directions contained in the Act. I suggest that principle was unsound in that, with a trust fund, there should be some measure of control retained by someone.

The principal objection I have to it is that the money was just placed in watertight compartments and could be used only in the province to which it was sent. My opinion is it should be a national fund to be used where needed and when needed. The way it worked out was, British Columbia to take an outstanding example, by virtue of its climatic conditions attracted a very large number of veterans, particularly those who had some disability. British Columbia's fund was, I believe, very well administered, yet it was exhausted long before the other funds. The result being that, with a concentration of veterans many of whom were frequently in need of assistance, there was no money available.

My idea is that this money should be kept in a national fund to be allocated according to need and not according to any provincial boundaries. In other words, if a situation again developed in British Columbia whereby we had such a concentration of veterans greater than the province's proportion of

enlistment, they could be helped. Then, too, if a condition developed such as developed in the prairie provinces, particularly Saskatchewan, in the 1930's where there was great need, that money would be available.

*By Mr. Brooks:*

Q. Are there records available to show what help is asked for in the different provinces, that is, the individuals in the different provinces who asked for help? We have heard a general statement as to the number of applicants and that there were more in one part of Canada than another, and I was wondering if there were any records of any kind to show just what the situation was?—A. I do not know. The fund has been wound up for years and I do not know whether the records have been preserved or not. I do know, from my experience in operating throughout the dominion that that situation does obtain in British Columbia. I do not live there and I have no axe to grind, but that has been my experience in dealing with veterans' affairs for eighteen or twenty years. British Columbia has a different situation than any other province.

The CHAIRMAN: The annual reports of the provincial organizations did show, at least I presume they did show, the total applications and the number rejected, so that the figures you request could probably be obtained from that source.

*By Mr. Probe:*

Q. May I ask the witness if he knows in how many provinces in Canada these funds have been completely exhausted?—A. No, I cannot tell you that. I have been out of touch with the matter too long.

The CHAIRMAN: Could you tell us, Colonel Stewart?

Colonel STEWART: I am sorry, I cannot.

The WITNESS: I know Ontario has a good amount in the fund and I know Manitoba has a good fund as I have seen their financial statements. I know you have had a report from Ontario. I know Manitoba has one of the best administered funds and still has a very substantial balance. British Columbia, I know, has exhausted its fund and Nova Scotia has exhausted its fund. Quebec, I believe, still has a small amount, but that is as far as I can go at the present moment.

I suggest then, that the fund should therefore be retained as a central fund which would give some measure of control and which would provide for need when need existed. It would also tend to create some uniformity of distribution. You will remember, under the former Act, the directions given to the trustees were very vague. The provincial boards all developed along different lines. Some met one need and some another, but all funds were used for useful purposes. Some of the boards did indulge in activities which I think were, properly speaking, beyond the scope of the trust.

Central supervision is desirable, I would not like to use the word "control", because a fund such as this cannot be controlled in the sense the treasury controls government expenditures. However, it should be supervised with a kindly supervision to ensure that everyone is working along similar lines and not indulging in activities which may tend to dissipate the funds without securing the proper results. There must be some elasticity in a fund such as this.

Then, you will have to consider the purpose of the fund. The basic principle laid down in the first Act is, I believe, still sound. This fund must not be regarded as a relief measure under any consideration. It is not a relief measure. The primary purpose of the fund, apart from the long range schemes for education which are well worthy of consideration, is to meet those daily emergencies which can happen in the lives of almost any one of us and particularly those who are

in the low income brackets. A man is up against something suddenly, particularly illness in the family. He needs some help at once. Probably there are governmental agencies which can give him assistance, but it takes time to get those things working. There must be some fund which is available immediately to tide him over. Five dollars spent quickly, in my experience in this work, is worth more than \$25 at a later date. Therefore, that fundamental principle should still exist, that the fund should not be regarded as a relief measure, but to provide aid where aid is needed and where there is no other agency to give such aid immediately. It should be considered as a straight benevolent fund. This has worked extremely successfully.

In some cases the local secretary has made it his business not only to give assistance, but to go out and follow it up, to see that the recipient gets into the proper place to get assistance. I believe that idea is basically sound. It is a supplement only to the Social Security Measure. Working on that basis, then, it will be for each board within the framework of the Act to develop its policies according to need.

*By the Chairman:*

Q. Would you insist there should be some direction as to the degree of generosity in the various provinces?—A. I have that under another heading and I will come to it in a moment.

Then, carrying on my idea further, I then suggest, as I believe everyone who has come before you has suggested, this fund should be administered by a central board. I do not visualize a full time board. I do not visualize a board which is going to do a great deal of administrative work. The purpose of this board would be the allocation of the money and supervision. They would have to have a very good secretary whose job it would be to analyze the reports as they came in and submit them for the consideration of the board when the board met. Then, it would be for the board to take such steps as may be necessary to correct anything which appeared to be wrong. I do suggest it should be a very strong board composed of veterans of this last war, and I do think three would be sufficient. There will undoubtedly be pressure brought to bear if such a board is established to have it set up on a provincial basis. I think that is all wrong.

In the first place, it is too large and too expensive. In the second place, it should be a national board, not a provincial board. Those men who come to it should think nationally, not provincially.

*By Mr. Brooks:*

Q. Do you think it should be administered under the Department of Veterans Affairs?—A. I will deal with that point now that you have raised it. I think that is a problem which you gentlemen who know more about the workings of parliament and executive branches of parliament than myself will have to solve. I do say this though, that I believe there should be some minister of the Crown responsible. As I said before, I want supervision but I do not want treasury control, because if you have treasury control you cannot have elasticity. However, some minister should be responsible. Under the last scheme there was no one responsible. The provincial boards were required by law to file annual reports, not audited statements, mind you, but reports, with the minister. There was no one charged with any responsibility of seeing that the provincial boards were doing their job. I do believe some minister should be responsible for the board and some department should be responsible for the board in order to draw to the attention of the Crown any irregularities.

Q. That would be the Department of Veterans Affairs?—A. The Department of Veterans Affairs, I assume, but I would certainly deprecate any attempt to give any control over distribution of the fund. I should like to see, as I say,

supervision so that if anything is going wrong, if the national board should be derelict in its duties, someone should have the responsibility of seeing the board is doing its job and report it to council if they are not. However, I think you will have to work that out.

The CHAIRMAN: Since this point has been raised, I think I should like to interject one thought. I think it will be the position of this committee and the desire of the veterans generally, that this money should not be used to supplement what is clearly, in our minds, the duty of the municipality, province or dominion. Since the Department of Veterans Affairs is charged with the responsibility of rehabilitation policies, and the maintenance of veterans, the thought occurs to me you would be putting a severe strain on the department by hooking it up with that department. I think it would be a strain to keep the lines clearly drawn and to see to it these funds were used for the purposes we intended them. I do not say it should not be the Department of Veterans Affairs, but I think we would require to give that matter some consideration.

The WITNESS: My point is that I do feel one of the defect of the last scheme was that no minister of the Crown had any responsibility at all and, at the same time, there should be some safeguard so that no department will interfere with the administration.

The CHAIRMAN: Responsibility, but no authority?

The WITNESS: A limited authority; responsibility, but with authority of a disciplinary nature only.

I also think you might meet some of the difficulties which arose in connection with the last fund by specifically providing the board would not be responsible for investments. In other words I think the funds should be invested in Dominion government bonds. One of the last Provincial funds suffered very severely following its set up because one board thought they would like to amplify the fund by indulging in speculation. They lost. I do not think there should be any temptation placed in the way of the trustees to try to augment the fund in that way. In other words, the fund would be invested and at the disposal of the board to liquidate as required. The interest would be available for them to spend as they required and the bonds would be disposed of as needed.

*By the Chairman:*

Q. Would you exclude provincial bonds since this is a federal fund, and limit the investment to dominion bonds?—A. I think I would say federal bonds only. To relieve the board of any responsibility, I think the investment should be set up for them.

Now then, the scheme of operation: as I see it, the first thing you would have to do would be to establish your provincial boards. I think it would probably be left to them to decide how the board should operate. I think, perhaps, we should try to have more decentralization, consistent with economy, than we had following the first war. At that time, we operated nine boards. For a province the size of Ontario, one board sitting in Toronto is not, I think, sufficiently decentralized. I do not know whether you would lay down that principle or whether you would leave it to the board. It may be possible to follow the D.V.A. districts. A man in those districts comes to know a certain place in the district as the place where he goes when he needs help. Whichever set-up you use would be subject to the overriding principle of economy; I think that is something you have to settle, as to how these provincial boards should be appointed, whether on the basis of provinces or on the basis of these districts.

*By Mr. Probe:*

Q. Earlier Judge Ross mentioned the small national board as administering this fund, if I understood him correctly?—A. Yes.

Q. Now then, would you differentiate between the national board of which you spoke a moment ago and these district or provincial boards to which you now refer? You are going to consider a distinction in their powers are you?—A. I am coming to that right now. Once you settle the principle of local control, either by provincial boards or district boards as the case may be, then it would be the responsibility of the national board to make available to these local boards an imprest account, really a fund which the board would require for its daily needs. For example, they might vote Saskatchewan \$10,000 with which to commence operations. When that has been properly expended in accordance with the terms of the Act, then it is replaced. It goes only according to need. There is no large sum going to be tied up in the country. The primary duty of the national board will be to scrutinize the accounts as they come in and be satisfied the local boards are doing their jobs properly. Then, they will replenish the accounts.

Then I also go further and suggest that this central board should also have some disciplinary power; in other words, if it finds that a fund is being maladministered the central board should have the power to remove the trustees. If they do not do it that way they can take legal proceedings, but there should be some power whereby if it is found that a fund is not being properly administered the trustees, or the trustee, can be removed.

Mr. PROBE: By some authority on the part of the national board?

The WITNESS: Yes. Either by direct action or by authorizing them to take court action, whichever is the more democratic way of doing it. But there should be some disciplinary power and that power should rest with the central board rather than with the minister. That is necessary because accidents will happen.

The CHAIRMAN: Judge Ross, if as was recommended by the 1942 committee the audit is provided for by the Auditor General's department, or whatever department it is, will there not be an obligation on the part of the auditor—if the auditor reports to the committee there would be an obligation to prosecute in a case like that, would there not?

The WITNESS: I am coming to the audit. The next step is the audit. During the operation of the first Act there was no statutory regulation with regard to an audit, and some of the difficulties with respect to some of the funds were due to defective auditing. I think you should settle whether you are going to require a government audit without treasury control or whether you will allow the board which is set up to have their own auditing system; but there should be a very definite provision for an audit. My own personal idea is that to avoid the operation of any local influence such as misplaced confidence—which I know happened in one case where the auditors were perhaps overimpressed with the supposed integrity of some of the trustees—to obviate that I think probably an audit by the Auditor General, reporting directly to the central board, with the board having disciplinary powers to meet the immediate situation would be all right; but it is vitally essential that everything should be done to make sure there is no maladministration of the fund. For policy making, I suggest that this board should have the statutory power of making special provision in special cases.

Now, Canada is too large a country to lay down any hard and fast rules as to what should be done with any specific fund. Conditions vary; particularly conditions with respect to social services vary so much that it is almost impossible to decide on any hard and fast policy. Therefore, I suggest that while it is wise for you in your Act to set out the principles which should apply, at the same time I also strongly recommend that the board be given power to make regulations authorizing exceptional help where exceptional need is shown, even although it is not expressly covered in the Act. In a matter such as this

you have to trust somebody, and you want to avoid having the thing so hard and fast that it becomes inelastic. That I believe, Mr. Chairman, was to my mind one of the defects in the British scheme. The British operated under the United Services scheme, but I found in practice that the regulations were extremely rigid. We want to avoid that. I say that the national board—if you do set up a national board—should have power from time to time to authorize particular activities which are shown to be required in particular places.

The CHAIRMAN: Would you make any statutory provision for the regulations laid down by the central body being reviewed from time to time by parliament?

The WITNESS: That I imagine would follow in due course. You will have no doubt parliamentary committees on veterans' affairs from time to time when these activities will be reviewed, and you will hear about these matters if they are not working properly.

Mr. LENNARD: If they report to parliament I do not think they should become a political football, because one party might be in one parliament and another party in another parliament—I do not think there should be any more direction from parliament after we have set this thing up—nothing but an annual report.

The CHAIRMAN: I did not suggest that. My question was: Do you think there should be a statutory provision in the Act for the regulations to be scrutinized by parliament?

Mr. LENNARD: Possibly; but I do not think it should be changed every year—it should not be made a political football.

The CHAIRMAN: I do not think even you or I could make that political.

Mr. LENNARD: No, but I do not think it should be changed every year; when this thing is set up properly it should stand.

The CHAIRMAN: I agree entirely.

Mr. PROBE: How would you avoid rigidity in a case like that? You do not put it in at the start; you mention that—

The CHAIRMAN: Judge Ross suggested that you have to trust somebody and the board should be given the power to make certain regulations, but it is conceivable that even that trust might be in some circumstances misplaced; and in order that there might be some review my idea was: Would we make a statutory provision for parliament having power to review the regulations and scrutinize the reports? I am not urging it; I am questioning it.

Mr. WRIGHT: If some minister is going to be directly responsible that automatically does bring it into the realm of parliament.

The CHAIRMAN: We can ask the minister for information and he will bring it down by an order of the House if necessary.

The WITNESS: My answer is that I do not think this should be a matter of annual scrutiny. I do think that the Act should provide, as the last Act provided, that the board shall make a report to the minister annually; that the report will be incorporated in the minister's report and will be laid on the table in the House, and should naturally carry with it the regulations. If anybody wants to raise a question the report is on the table. You can depend upon the Canadian Legion drawing to your attention any board that is not working properly; at least, they did in my day, and I hope they still do.

I have referred to the local boards. Their set-up will have to be determined either by you or by the national board, if you decide to set up a national board; but it might, perhaps, be well to get some information about the air force system to see how it is working. I notice that they have subchairmen scattered all over the country who, apparently, have plenary powers. Personally, I rather view

with alarm having a lot of money lying around the country. I do not know how the system works. My own idea is to get the money where it is needed and not have it tied up in the provincial headquarters while someone in the country needs help; decentralization should be carried as far as possible consistent with proper administration and safety.

Mr. BROOKS: Do you make any suggestion as to how the local board should be appointed or set up?

The WITNESS: I should say they should be appointed by the national board. That gives them disciplinary powers. If they are appointed by order in council you have to get an order in council to change them. There should be some supervisory authority such as the national board, and if these boards are not doing their job somebody should replace them, and it would be for the national board to do that.

Mr. PROBE: Why could not that board be appointed by veterans' organizations within the districts concerned rather than have them the nominees of a rather distant authority?

The WITNESS: Well, in my experience, I should imagine that in practice the government would consult the veterans' organizations.

Mr. LENNARD: Naturally, if there is a central committee responsible for the fund they would have to have the power to hire and fire, but they could take recommendations from the local veterans' organizations.

The WITNESS: I would not like them to be bound by nominations; the responsibility is theirs.

The CHAIRMAN: If they have sense enough to run this job they will have sense enough to take advice from the local organization.

The WITNESS: I would suggest also—I am not going to elaborate it because I do not know enough about it—but I am suggesting that in your enabling Act, if any, you should set out fairly specifically the purposes for which the fund may be used. Now, I have not come to tell you or to recapitulate to you all those purposes, because I have not had close contact with the work. A man like Major Lewis, or the secretary of the Manitoba board, and others, could outline the activities they find useful and give you a general guide; but that is all subject to my overriding recommendation, which I strongly urge, that the national board shall have power to give aid as the exigencies of the situation require. But I do think the Provincial Boards should have some guide, I do think they should be prohibited from making loans to organizations, or grants, to other than individuals. The grant should be made to individuals.

Now, there is one other matter to which I wish to refer. In my experience, some provision must also be made in the enabling Act whereby assistance can be given to ex-servicemen in other parts of the world. The tendency does not seem to be as strong following this war as it was following the first war for men to go to the United States, but following the first war we lost nearly 50,000 of our men who went to the United States. They presented a continual problem, particularly in the depression years. The government did make available \$50,000 of canteen funds through the American Red Cross, but that amount proved altogether insufficient. I think the Central Board should have power to devote some form of assistance to any men in the United States who are in difficult circumstances and that also applies to our men who are in Great Britain. Many of our men have taken their discharge in Great Britain and they will not be eligible under the British fund, and we should have provision made whereby they can be cared for.

There is one other problem I will place before you. It is a difficult question, and I am back to what I said before: you have to consider the differences in psychology. You will note that this fund is composed of two accounts—Cana-

dian funds and overseas funds. Now, if the men of the last war are anything like the men with whom I worked there is a difference in viewpoint. The men who have seen active service consider that they have a certain different status from the men who saw service in Canada only; and that, of course, is again complicated by the rather difficult matter of the draftee and the non-draftee—the volunteer and the draftee. Now, I am only putting it out as a warning as something that should be considered. Perhaps you might inquire of those who are more competent to judge as to whether that feeling will exist, but if so it will be necessary to safeguard the overseas funds from participation by those who saw service only in Canada and, perhaps, those who did not go active. I am warning of that because I can see more dangers ahead if some provision is not made to handle this matter. I suggest that the overseas fund should be reserved definitely for men who saw service overseas. A portion of the Canadian money was earned by the men in Canada before they went overseas. In some way it should be possible to see that a certain portion of the fund shall only be available for men who saw service in Canada only and perhaps those who did not go active.

The CHAIRMAN: Was that a uniform practice in the first war?

The WITNESS: All except \$200,000. The great bulk of the fund was for overseas, and in that fund only the men who served overseas could participate. Later the government collected up a few funds, and that was called the Canadian fund, and that was distributed to the trustees and was kept by them in a separate account, and from it they could meet the claims of men who served in Canada only. But overseas funds were absolutely held for the benefit of the men who served overseas and no one who served in Canada only could participate. I suggest that that is something of which you might inquire of those in touch with the men in the service but I want to warn you that that feeling may exist and it will cause trouble. My province is to warn you of all possible dangers, and I am drawing your attention to this.

Now, I think I have covered everything I want to say, and I shall be only too glad to amplify my statement by answering questions.

The CHAIRMAN: Now, gentlemen, you have heard what Judge Ross has had to say to you, and he will discuss any questions with you. It may be that you may want to bring out something that he has not touched upon and get his opinion. The opportunity is now yours. He is with us to-day and this is your chance.

Mr. LENNARD: I think we owe Judge Ross a great debt of gratitude for coming here and giving us such a splendid outline of his experience and I for one appreciate his coming. The only criticism I have to offer to his remarks might be that I think the central board should be composed of five members rather than three; I believe the larger number would make the board safer for all concerned.

*By Mr. Brooks:*

Q. I wonder if Judge Ross would elaborate a little on his last statement with regard to the overseas fund and the Canada fund. In the first war the overseas fund went entirely to the overseas men; could he tell us what proportion of the fund was raised in Canada; was it all except \$100,000?—A. I am not sure of the exact amount. I think, judging by the amount we got in Saskatchewan, it was \$200,000. That is \$200,000 as against \$2,500,000. That Canadian fund was available to anyone who served, and parliament in passing the second Act did not stipulate that money should be reserved for Canadian service only; the trustees were at perfect liberty to dip into it for overseas men too. There was a difference in interpretation: in the first Act it was men who served overseas; in the second Act it was men who served on active service.

Q. The general principle you would enunciate would be this, that the men should receive the benefit of the fund to which they contributed?—A. Yes.

Q. And whereas overseas men contributed entirely to the overseas fund that should be set aside entirely for them?—A. Yes.

Q. And then a proportion should be worked out here in Canada as to what the men who served here and also served overseas should receive and what the men who served only in Canada should receive?—A. Yes. That fund should be definitely earmarked for them and not be depleted by the demands of men who saw service in Canada only.

*By the Chairman:*

Q. Do I understand that you are stating that as a policy to which you subscribe or as a suggestion to the committee? It is a question which might arise.—A. It is likely to arise and if it does arise it will be dangerous and it should be safeguarded now.

Q. I wonder if the information is available to the committee as to what part of the \$5,500,000 was raised in Canada and what part was raised overseas? Can you tell us that, Colonel Stewart?

Colonel STEWART: Yes, I can. In the disbanded unit trust fund—that is the allocation of all the funds of the units that were disbanded in England and Canada—\$974,835 came from overseas, and the balance of \$1,742,366 is on account of units disbanded in Canada.

The WITNESS: And the organization is on top of that?

Colonel STEWART: That does not include the organization.

The WITNESS: That is another \$1,250,000.

Colonel STEWART: These figures in the book that deal with the central trust fund canteens showing contributions made by the national voluntary organizations, deal only with Canada and adjacent territories; there is nothing there for overseas.

The CHAIRMAN: Yet.

The WITNESS: Yet. There is a prospect, if your committee could make the proper adjustment, of bettering your fund by some millions of dollars. I only mentioned the Canadian Legion war services portion of it. The other organizations have probably similar or larger amounts because they were in the canteen business before we were. In addition to that, there is the overriding fund from the Y.M.C.A. in what was called the "bronco operation." The Y.M.C.A. acted as purchasing agent for all organizations in the various theatres of war. The Y.M.C.A. resold to the organizations at a small profit, and that fund has not yet been settled. It may run into a very large amount as canteen profits. Altogether there is a possibility of augmenting the fund by a very considerable amount from the overseas money. You see, if you multiply our \$500,000 by four, that is \$2,000,000. In addition to that, there is a large amount of money which may come from the winding up of this wholesale transaction conducted by the Y.M.C.A.

*By Mr. Brooks:*

Q. The Y.M.C.A. and these other organizations were not supposed to make any money at all out of their operations?—A. That is the fundamental principle laid down in the contract which was signed by all the organizations and signed by the Canadian Legion War Services on March 11, 1940.

Q. In that case, the Y.M.C.A. could not claim any portion of this fund?—A. No, they cannot claim it because their arrangement was that they would act as purchasing agents for all organizations and, in conclusion, they were to pay each organization 25 per cent of the profits, which we, in turn, would pass to the canteen fund. It is just a matter of bookkeeping so far as we are concerned.

Q. Did they do that?—A. That is not wound up yet. It is a huge undertaking, so it takes time to liquidate it and wind it up. For that reason, the overseas fund may be considerably augmented.

The CHAIRMAN: Would you give us a copy of that contract in order that we may file it for the information of the members of the committee?

The WITNESS: Yes, I will hand it to the clerk.

*By Mr. Probe:*

Q. May I pursue that one thought just a little further, Judge Ross? You suggested, but without finality that the overseas fund would, in all likelihood, be fairly well segregated for the use of overseas personnel in its final disposition. As I see this canteen fund in its ultimate operation, it is going to be used for emergency needs. A fellow comes along who may or may not have had overseas service. His need is genuine. Surely, the administration would not be in a position to check his overseas credentials beyond his own word on the matter and the establishment of immediate need. I see quite a little difficulty in that connection if we are going to start segregating our contributions—A. We did it before.

Q.—with reasonable facility and without injustice?—A. It was done apparently without any difficulty in the operation of the last fund.

Q. It appears to me to be a little deep administratively.

Mr. HARKNESS: When Major Lewis was here on the last day, he said they do that regularly. When a man applies for help, he is required to produce his discharge certificate which shows his overseas service. There is no difficulty in the matter.

*By Mr. Probe:*

Q. Here is another difficulty which presents itself. You have two men, one has been overseas and the other has not. He might have been on active service or he may have been N.R.M.A.; these two men have identical situations and they appear at exactly the same time before the board. Do you mean to say the board would say to this one man, your case is worth \$25 and to the other man, yours is only worth \$15? I do not think that should be our function.

The CHAIRMAN: But that does not happen so long as there are two funds. One man's help comes from one fund and the other man's from another fund.

Mr. PROBE: That is, there would be two imprest accounts at each headquarters?

The WITNESS: The local board would get \$5,000 overseas money and \$1,000 Canadian money and they draw out of each fund.

The CHAIRMAN: Actually, Mr. Probe, what will probably happen this time under the conditions which you visualize is this, the fund earned in Canada this time is going to be very substantial. I think, without having the facts before me, it will probably be equal to the overseas fund and perhaps more.

The WITNESS: It will not be more.

The CHAIRMAN: It will be very close to it. We had a situation in the last war where shortly after enlistment you were overseas and perhaps a battle casualty. In this war, you enlisted and were, perhaps, in this country for three or four years, and that was the case with volunteer troops as well. Therefore, naturally, the fund built up from the canteen establishments will be so much larger than the condition of hardship which you visualize could not happen. It will just mean that applicant "A" will receive his money from the overseas fund account and applicant "B" will receive his from what has been earned at the district depots at Winnipeg, Regina, or some place else.

Mr. WRIGHT: The only difficulty would be in deciding the proportion of the money that is earned in Canada that belongs to the troops who were overseas. That would have to be worked out and worked out on a generous basis to the men who were overseas.

The CHAIRMAN: Probably the division of your income tax by your age is as accurate as any method of computing it.

The WITNESS: I am not pressing for this, do not misunderstand me. I am simply warning of a possible danger, predicated on the fact that the same psychology may develop as the years go on. I found it a serious complication in all our work, this difference between overseas and non-overseas personnel. I am only trying to help you safeguard against a situation which may develop. Personally, I would prefer to have the whole thing administered out of one fund, but I am telling you of the difficulties which may develop if that psychology exists as it did in our time. I am only warning you about it.

Mr. BROOKS: I am glad Judge Ross brought it up because I am sure the same attitude prevails so far as the people who were overseas in this war are concerned. There would be serious objection from a lot of them if the canteen funds were used for people who were never overseas.

The CHAIRMAN: I am not sufficiently well informed to express an opinion, but I realize that difficulty may arise and the committee will have to face it. Perhaps it will be soon enough at that time, to devote ourselves to it. I would hope that the distinction would not be as sharp as it was, but hope and realization do not necessarily balance. We will have to hear the organizations which represent the soldiers, specifically, and during those hearings these people no doubt will have something to say on the matter.

Are there any further questions of Judge Ross?

*By Mr. Fulton:*

Q. I wonder if Judge Ross could give us a brief outline of the philosophy upon which the air force and naval boards administer their fund, having regard to the question of whether they should amortize the fund or preserve it in perpetuity?—A. I know very little about it. I have just seen an outline of the air force administration but I have not been able to get a copy of their charter. I tried to get it yesterday, but I was not able to get it. On that matter of amortization, I do not think we should lay that down as a hard and fast rule at the present time. We cannot tell how things are going to develop. Rehabilitation benefits following this war are considerably greater than they were following the first war. Economic conditions, at the present moment, are different and we hope they will continue to be better. We cannot tell the incidence of need as yet, but when need arises, I think it should be met. I do not feel like saying this fund must last fifty years. It is a matter of meeting the need when the need arises. I would not like to see the board tied down to any period of time.

*By Mr. Brooks:*

Q. Do you think possibly, the need would be greater in ten or fifteen years than it would be during the first ten years?—A. My own opinion is, apart from a very sharp recession, the need will not be very great in the immediate future. The need becomes most urgent when these men have families and have illness in their families for which there is no provision made. The need will become, perhaps, greater in fifteen years.

Q. That was the experience in the last war?—A. That was the experience, I believe. I believe Major Lewis told you the need was becoming greater every day. Until I heard that, I was inclined to think differently. Then, too, there are other forms of assistance provided, the war veterans allowance, veterans care and all the rest of it. I thought, probably, the need might diminish. My

personal view is that, regardless of the fact some of these men will live a long time the immediate consideration is to see that, in the years in which they are re-establishing themselves they are not hindered by family cares and worries which develop in practically everyone's life at times, when it is found difficult to find the resources to meet these responsibilities.

*By Mr. Fulton:*

Q. You say you have not sufficient knowledge of the principle laid down for the administration of the air force fund to help us in this matter, but what is your opinion in regard to our system as to whether this principle should be amortization with a discretion as to the length of time or preservation in perpetuity so there will always be something there?—A. Certainly not preservation in perpetuity. You should use the money where it will do the most good so long as it lasts. Not recklessly, but to meet the need and keep these men happy, satisfied, free from worry and care; that is the primary need.

*By Mr. Marshall:*

Q. You stressed the question of benevolence; what is your viewpoint with respect to the use of the fund for educational purposes?—A. That is a very important part of the scheme. It will not become urgent for a number of years. I do believe that, funds permitting, everything possible should be done by means of bursaries, not scholarships, to help the deserving child get an education which the child probably would have obtained if the father had not been handicapped through overseas service and, particularly, the children of the men who were killed overseas. Everyone of them should have the opportunity of an education.

*By the Chairman:*

Q. Would you distinguish between bursaries in the primary and secondary education and advanced education such as a university?—A. So far as the primary education is concerned, so long as a man is living, that is provided for the child.

Q. A good deal of this money, Judge Ross, we are told by the representatives we have heard, has gone to provide educational facilities for the children of the widows of veterans and in cases where the father is disabled.

Mr. FULTON: Was it not more in the nature of boots and shoes to enable the children to go to school?

The WITNESS: That is a distinct call on the fund.

The CHAIRMAN: I think that goes back to a statement Judge Ross made a while ago, the rehabilitation and maintenance of the family as such is the responsibility of the state and this fund should not be used for that. What I had in mind and what some of those who have written to us seem to have in mind, was the levelling of the educational facilities in the early stages for the children who desired an education. For instance, the widow's pension may be adequate, but certainly is not too generous if she has two or three children. There is a tendency for the son of a soldier's widow, who is doing quite well at school, to get out and help his mother at fourteen. It is a perfectly logical inclination on the part of the boy, but at that level there are those who urge we ought to be able to encourage that boy to go on by a bursary, whether he spends his money on books, fees, or uses it to supplement his mother's income to the marginal extent a boy of fourteen could, that is a matter for the local committee to decide. I was trying to get the judge's appreciation of the topic under discussion.

Mr. BROOKS: That is a very strong argument for increasing the widow's pension.

The CHAIRMAN: It has not been neglected, Mr. Brooks, either by you, myself or any member of the committee at a time when it has been urged.

The WITNESS: I think your Act should make a specific provision for educational benefits to children of veterans, particularly veterans who have died in the service of the country. You will have to work out a principle, but it cannot be done in detail.

*By Mr. Marshall:*

Q. Would you give much more prominence in the scheme to the educational aspect than to the benevolent aspect?—A. No, I do not think so, for this reason; we cannot forecast the future. In my experience in dealing with veterans, the primary matter in these early years is to keep them happy and contented. If you can get them over the next ten years in a reasonably happy state of mind, you have the problem beaten. Consequently, the money should be used fairly freely to ensure that everyone is kept contented and happy as far as possible.

Q. Do you not think that is the responsibility of the government in power?—A. The government can go so far. I am talking about emergencies with which the government cannot deal, emergencies in the home. These are the things which get a man down. If you have assistance readily available, you can keep a lot of these worries from becoming a matter of agitation. That is the whole idea of this fund; it is a safety valve to tide a man over until he can be fixed up permanently.

*By Mr. Fulton:*

Q. You mentioned in your remarks, Judge Ross, the profits which were derived from canteen operations in Canada. I was not quite clear as to what disposition was made of them, were they turned in to the same place as the other regimental funds?—A. Five per cent of our gross sales were turned immediately over to the units and have now been recovered under these balances to which reference has been made. After we paid administrative expenses, the whole balance was turned into the fund by us. Therefore, it has got to the fund in two ways, the unexpended balance of the unit has come to the fund and our direct contribution has gone into the fund.

Q. But the balance and profits over and above the five per cent?—A. Yes, we turned it in. Actually, we paid the units, and this is only a portion from one organization, we paid the units to date \$339,000. A portion of that, as I say, has been recovered by Colonel Stewart.

Colonel STEWART: In Canada only.

The WITNESS: Overseas, we paid nothing to the units. That represented the gross sales, not profits. On our gross sales we paid 5 per cent right out and then, in addition to that, we had \$238,000 which we have paid into the fund.

*By Mr. Marshall:*

Q. You said that an amount of \$423,000, in your opinion, still has to be paid into the Canadian fund. What, in your opinion, altogether, would be the amount from the various funds that are outstanding to come into this fund?—A. That represents one-quarter of the operation. If the other organizations did as well, that means a matter of \$2,000,000.

Q. In your opinion then the fund should amount to at least \$8,000,000 or \$10,000,000?—A. There is, as I say, a prospect. I have no idea how the other organizations stand, at all. If they are all on the same basis as we are, there would be another million dollars plus a very large sum which is still to come from the winding up of the wholesale operations. Therefore, it may be a matter of a couple of million dollars more altogether.

Colonel STEWART: There is one small item which I think should be finished up, and that is the question of the disarmament of the veterans guard which came up this morning. We have these funds in a little reserve unit trust fund: No. 30 veterans guard unit turned in \$58.76; No. 62 company, \$90.51; No. 101 infantry company, \$125.13; No. 102 company, \$21.96; No. 103 company, \$255.57; No. 120 company, \$38.27; and the Manitoba Reserve Battalion of the Veterans Guard of Canada, \$2,637.38.

The CHAIRMAN: Now, you know why I asked the question. Thank you, Colonel Stewart.

Gentlemen, we have been exceedingly fortunate to-day in having Judge Ross with us and I think Mr. Lennard has expressed the views of all of us in thanking him. I will ask you, Judge Ross, to accept the appreciation of this group here for your appearance here to-day.

Now, gentlemen, we are in the position as a committee that we have heard all the people who are presently available to appear before us until after the Easter recess with the exception of those who are administering the navy fund and the air force fund. They are, I understand, available in the city. Is not that correct, Colonel Stewart?

Colonel STEWART: Yes.

The CHAIRMAN: We have two alternatives. We can meet once or twice more and devote the meetings to hearing gentlemen from those two services if you prefer to do that, and get that out of the way before Easter. Or is the feeling of the committee that you would like to defer getting that information until after we have heard from the veterans' organizations? I am prepared to accept direction from the committee either way.

Mr. LENNARD: Why not clean them up now?

The CHAIRMAN: If that is the wish of the committee I will ask the clerk of the committee to endeavour to have these people come before us next Monday and next Friday. The Legion, I believe, will be ready to come before us immediately after the Easter recess, and the corps I know are ready to come now. The other organizations will also be ready.

Mr. LENNARD: We will have the air force with us on Monday and the navy with us on the following meeting day?

The CHAIRMAN: Yes.

The Committee adjourned to meet again on Monday, March 24, 1947, at 11 o'clock a.m.



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SESSION 1947

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(SPECIAL COMMITTEE

(ON)

(CANTEEN FUNDS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

MONDAY, MARCH 24, 1947

WITNESS:

Mr. J. L. Apedaile, O.B.E. C.A., Manager, Royal Canadian Air Force Benevolent Fund.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1947





## MINUTES OF PROCEEDINGS

MONDAY, March 24, 1947.

The Special Committee on Canteen Funds met at 11.00 o'clock a.m., the Chairman, Mr. L. A. Mutch, presiding.

*Members present:* Messrs, Baker, Benidickson, Brooks, Cruickshank, Emmerson, Fulton, Harkness, Lennard, Marshall, Mutch, Probe, Robinson (*Bruce*), Winkler, Wright.

*In attendance:* Mr. J. L. Apedaile, O.B.E., C.A., Manager, and Flight Lieutenant A. L. Bell, Secretary, Royal Canadian Air Force Benevolent Fund; Colonel A. W. O. Stewart, President Regimental Funds Board, Department of National Defence; Mr. J. W. Johnston, Assistant Chief Welfare Officer, Department of Veterans Affairs.

Mr. Apedaile was called, heard and questioned.

Mr. Apedaile tabled the following documents relating to the Royal Canadian Air Force Benevolent Fund, which are printed as appendices to this day's minutes of proceedings and evidence:—

*Appendix A:* Plan of Organization of the Fund;

*Appendix B:* Financial Statement for the month ending 30 November, 1946.

Mr. Apedaile retired.

It was agreed that representatives of the Canadian Naval Service Benevolent Trust Fund be heard at the next meeting.

At 12.40 o'clock p.m. the Committee adjourned until Monday, March 31, at 11 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

March 24, 1947.

The Special Committee on Canteen Funds met this day at 11 a.m. The Chairman, Mr. L. A. Mutch, presided.

The CHAIRMAN: Gentlemen, I see a quorum.

I should perhaps begin by presenting to you the report of the steering committee:—

Your steering committee met on Friday, March 21, and discussed procedure to be followed respecting representations being received from individuals. It was agreed that these representations be dealt with by the steering committee and a report submitted to the main committee after all witnesses have been heard.

All of which is respectfully submitted.

I might say that it is conceivable that in the mind of the steering committee some of these representations are essentially duplications and a large number of them deal with the theory of disposition. These may not all come before the main committee, but in general it was our intention to submit specific individual cases to the main committee.

And now, gentlemen, we are very fortunate this morning in having with us Mr. Apedaile, manager of the R.C.A.F. benevolent fund, and with him is Flight Lieutenant A. L. Bell, secretary of the fund, who assists him in that work. In accordance with our practice and trying to keep our reputation as a fact-finding rather than a speech-making committee I am going to say nothing more to you but just introduce Mr. Apedaile.

**Mr. J. L. Apedaile, O.B.E., C.A., Manager, Royal Canadian Air Force Benevolent Fund, called:**

The CHAIRMAN: Have you a written submission, Mr. Apedaile?

The WITNESS: Yes.

The CHAIRMAN: Will you proceed with your presentation, please.

The WITNESS: Mr. Chairman and gentlemen, this is a brief review of the benevolent fund from its outset in 1934.

1. In 1934 the R.C.A.F. benevolent fund was formed with a board of trustees to administer a monetary gift to commemorate the part played by Canadians in the flying services during World War I. That the fund might be enlarged both in amount and purpose, the R.C.A.F. benevolent fund was incorporated in July, 1944 under part 2 of the Dominion Companies Act (without share capital) and registered under the War Charities Act. The objects of the fund are recited in the Charter "... *inter alia* to relieve distress and promote the well being of members or ex-members of the R.C.A.F. and of their dependents ..." Of 100 authorized there are 79 members of the corporation who annually appoint 20 directors to administer the fund, who in turn appoint an executive committee of five

directors who meet at least once a month to receive reports and decide on policy of administration. Of these 20 directors 10 are chairmen, each of a province of Canada and of Newfoundland. Under these chairmen are appointed subchairmen in various districts where required and these subchairmen form the committee of each provincial chairman and they themselves appoint their own individual subcommittees.

2. Each subchairman administers his own district and, for purposes of speeding up the granting of assistance, communicate direct with the head office in Ottawa. At each R.C.A.F. service station there is appointed an R.C.A.F. Benevolent Fund committee and these committees function on their stations in the same manner in which the subcommittees function in their respective areas. To aid these subchairmen in their duties a "Guide for the Use of Field Workers" has been compiled and issued to them. This guide contains a list of the names and addresses and areas administered by subchairmen, instructions as to administration and requirements of head office in submitting applications for relief with copy of form of application, schedule of medical fees approved by the Department of Veterans Affairs and adopted by the fund, schedule of fees for dental treatment approved by D.V.A. and adopted by the fund, schedule of charges for funeral expenses arranged by the fund with the Morticians Association of Canada and so on.

3. Where it is found necessary, subchairmen are provided with an imprest account varying from \$100 to \$1,000 according to the population of the area administered. These imprest accounts are to permit the subchairmen giving immediate relief in the form of loans in cases of emergency, prior to submitting the application to head office for adjudication. All these committees are voluntary and only in the more condensed areas, i.e., Montreal, Toronto, Vancouver, does the fund provide paid secretaries. In every case rental and other office facilities have been procured without charge to the fund.

4. All applications for assistance are submitted to head office and reviewed by a central claims committee which makes its recommendations to the manager, who has authority to approve of grants or loans up to but not exceeding \$500 each. Any applications requiring greater assistance are submitted to the executive committee.

5. The benevolent fund has a university loan fund which was organized prior to the more or less similar fund of D.V.A. To assist in the administration of this loan fund, committees have been formed in nineteen universities in Canada, presided over either by the principal or the dean of the university. The benevolent fund has in all some 122 voluntary committees functioning throughout Canada including one in Newfoundland, one in the United Kingdom and one in the United States. These committees are gradually increasing in number.

6. All surplus funds are invested in Dominion of Canada bonds, with the exception of £4,000 lying as a reserve in the United Kingdom, which is invested in British government bonds.

7. All moneys received at head office, either by way of subscriptions, donations or repayment of loans, are deposited in a savings account with the Bank of Montreal. The head office imprest account of \$25,000 is kept with the Bank of Montreal, against which is drawn from time to time the amounts paid out by way of loans or grants. The signing officers of the savings account are the treasurer and a member of the executive committee or two members of the executive committee. The signing officers of the head office imprest account are the treasurer and a member of the central claims committee or two members of the central claims committee. The imprest account is reimbursed from the savings account at the end of each calendar month. The

Bank of Montreal have granted the fund par cashing privileges throughout Canada. The accounts of the corporation are audited annually by the auditor general, by consent, who reports in accordance with the requirements of the Dominion Companies Act, after which the accounts and annual report as approved by the board of directors are circulated among the members prior to the annual general meeting in a similar manner to other corporations.

8. There is submitted herewith:—

- (a) Booklet describing the purpose of the fund.
- (b) Plan of organization of the fund.
- (c) Guide for the use of field workers.
- (d) Monthly financial statement circulated among directors.
- (e) "Benevolent View" issued quarterly to all directors, field committees and others actively interested in the fund.

Thank you, sir.

The CHAIRMAN: Thank you, Mr. Apedaile. Gentlemen, that is the formal summary which Mr. Apedaile has prepared for submission, and he is now prepared, I believe, to give any additional information which he can as a result of your questions.

Mr. MARSHALL: I notice, Mr. Chairman, there is reference there to a financial statement; could we have a copy of that financial statement?

Mr. PROBE: There are five submissions there, of which we have only one.

Mr. MARSHALL: I think we have the booklet anyway.

The CHAIRMAN: Well, where is that last annual statement?

Mr. MARSHALL: We have the booklet.

The CHAIRMAN: I think (d) is the monthly statement. We have one copy of the monthly statement here and we have already entered in our minutes the annual statement. We have not a sufficient number of copies of that statement for distribution to all members. We can have it put on the record, if you so desire.

Mr. PROBE: Do you not think the annual financial statement should be on the record?

The CHAIRMAN: We printed that as an appendix the other day.

Mr. MARSHALL: What is the size of the fund at the present time?

The CHAIRMAN: Mr. Marshall's question is: what is the size of the fund now?

The WITNESS: Roughly \$3,000,000, sir.

Mr. MARSHALL: Could you give us a breakdown of that \$3,000,000?

The CHAIRMAN: What are you after, Mr. Marshall?

Mr. MARSHALL: I mean, how much was actually contributed we will say from canteen funds; and also, how much was contributed by way of private donations?

The WITNESS: I can say that approximately \$500,000 came from private donations.

*By Mr. Marshall:*

Q. Yes, and how about the rest of it?—A. The balance came from canteens, officers' messes, sergeants' messes, sports days and air force days—various baseball games and things of that kind which were put on at the various stations for the benefit of the Benevolent Fund.

*By Mr. Wright:*

Q. Is the fund still being augmented?—A. Yes, we are still getting enough in to keep our capital unimpaired.

*By Mr. Benidickson:*

Q. From what sources are these donations coming?—A. From canteen contributions, officers' messes, and things such as I referred to. For instance, they get up a hockey game here or there and send us in a few hundred dollars; and the same thing happens with baseball and so on.

Q. Private donations are not coming in now?—A. Yes, we are still getting the odd private donation, usually in memory of a lost son, nephew; something of that kind.

*By Mr. Probe:*

Q. Was this fund incorporated in 1934?—A. No, sir; it was incorporated in 1944, but it functioned from 1934 under a body of trustees.

Q. How did the trustees get their appointment as such? Was it a group of men who took an interest in the benevolent fund for R.C.A.F. families and personnel?—A. The R.C.A.F. fund first functioned as I have stated here, sir. The air force appointed three senior officers—I think I am right in that—they appointed three senior officers to act as trustees of the R.C.A.F. fund.

Q. I think you mean by that the Air Council?—A. The Air Council, yes.

Q. And they administered this fund as part of their routine duties in the air force until 1944 at which time there were secured articles of incorporation as a corporation?—A. Yes.

Q. Now then, in connection with that incorporation, how were these directors selected or appointed or elected; how did the original body get set up? You see, we have a good many directors as I understand it?—A. We have 79 members, sir. The members are similar to any company shareholders, although they do not have any shares.

Q. Yes?—A. And they elect the directors.

Q. How did they become members?—A. Just as in the case of the incorporation of any company. You have so many applicants for a Charter and they go through the routine of appointing directors and other members.

Q. Who were these particular 79 members; I still cannot see the basis for their functioning.—A. What they actually did was go out into the field and pick some prominent men throughout the country.

Q. Who did? Who is "they"?—A. Well, you might say the Air Council and the trustees. They had to see that they handed these funds over to a responsible body.

The CHAIRMAN: Well, at that point, gentlemen, might I interject a question? It was about that time, was it not, that they realized, they were not in a formal legal position with respect to their trusteeship; is not that the case? Perhaps it would not be too strong to say that they were illegally in possession of certain moneys levied illegally on certain funds and they had come to the place where they had thought it desirable to regularize the position. Would that be a fair statement?

The WITNESS: Not quite, sir. I would say rather the fund got too big for these three people; too many applications for assistance came along, and it became too big for them to administer.

Mr. HARKNESS: In whose opinion?

The WITNESS: In their own opinion and in the opinion of the Air Council. It was then decided to form a corporation and get more people interested in the fund. They got these people's names and they formed the original directors.

*By Mr. Probe:*

Q. I am interested in knowing how these names were selected—A. They went out and got them.

Q. Who is "they"?—A. The incorporators of the corporation who were really, if you like, the Air Council or these trustees who were anxious to see that the moneys for which they were responsible were handed over from their trusteeship to a responsible group of people.

*By Mr. Marshall:*

Q. Can you give us the names?—A. They are on the list at the margin of the statement before you.

Q. These are the ones who now form the Board of Directors; who were the original ones?—A. You mean the trustees?

Q. Yes.

The CHAIRMAN: I think the answer to that is Air Commodore Croil, Wing Commander Carefoot and Air Vice-Marshal Sully.

Mr. BENIDICKSON: And I take it that these people were the original incorporators?

The CHAIRMAN: That is right.

*By Mr. Benidickson:*

Q. I think we should go back and see how the fund stood in 1934. I understand there was a monetary gift at that time; how much was it?—A. The original gift was above \$6,000.

Q. And at the time you started in World War II how much was there in this fund?—A. About \$19,000, sir.

Q. Then in 1944 you decided to incorporate?—A. Yes, sir.

Q. And it was then that certain people decided that certain people across Canada would become the directors, the members of this association?—A. That is right.

Q. That is all.—A. Yes.

*By Mr. Probe:*

Q. I am still not clear in my mind how the bulk of this money first came to be dissociated from the government funds in the sense that canteen funds of the army are still remaining associated with the government. It seems to me we have in the air force an entirely different policy with respect to the handling of their benevolent fund from what is likely to be proposed in the army. I should like to get it very clear in my own mind how these steps were achieved. What is the control by parliament or by any government agency or by the air force men themselves of this benevolent fund now set up? Can you answer that to my satisfaction?—A. I am not in a position to give you that information authoritatively because my job is to administer the fund. May I suggest that the air force would be the better place to get that information.

Q. You mean by that the air force officers presently attached to the air force?—A. The chief of the air staff would no doubt delegate his accounts officer to give you that information.

Q. Can you tell me what is the present control? As an administrative officer can you tell me what is the present control over the fund or over the personnel who are administering it?—A. The members and the directors, and then the executive committee, and then the actual officers.

*By the Chairman:*

Q. To all intents and purposes it is now a company?—A. Yes.

Q. It is not a semi-military organization at all; it is a company registered under the War Charities Act, is it not?—A. Yes, sir.

Mr. HARKNESS: Much the same as the Red Cross or any other benevolent organization. Is that not the case?

The WITNESS: Yes.

*By Mr. Probe:*

Q. Is the set-up of the Royal Canadian Air Force Benevolent Fund identical or nearly so, to all intents and purposes, with that of the Red Cross? The Red Cross does report to parliament. I believe you said that the Auditor General audit the accounts of your corporation?—A. He does so by consent. He reports to the members the same as an auditor would under the Dominion Companies Act.

Q. Assuming you were not satisfied with the Auditor General's audit what would you do then?—A. The Fund could appoint a firm of auditors.

Q. Such as Price, Waterhouse, for example?—A. Yes, surely.

Q. In other words, you look on these funds as being entirely apart from the governmental funds that we are investigating?—A. Yes, they are functioning separately, under a separate corporation which is not a Crown company.

Q. I still do not see how this money got out of the hands of the Department of National Defence and into the hands of a group of private citizens.

The CHAIRMAN: Except in so far as we may learn something from these manœuvres and we desire to similarly divorce funds, the pursuit of that line of questioning is perhaps outside of our terms of reference.

Mr. PROBE: I realize I am skating fairly close to the line.

The CHAIRMAN: The only way that we could hope to get someone to unwind what appears to be the somewhat devious ways by which this was accomplished would be to call the air force officers themselves, or some one from the legal branch. We might call someone from the Department of Justice.

Mr. BENIDICKSON: Probably you could tell us, Mr. Chairman. I think you probably know.

The CHAIRMAN: I do not understand it myself. Perhaps I may be corrected on this, but my understanding is that the active air force inherited this scheme, which had some \$19,000, when activities began, and someone saw the possibilities of making this an exclusive show, a corps show, an air force show. They began a series of levies, for which I have discovered no authority, on the various canteens and messes. The very people who are administering the fund are the people who are also in direct control of all personnel and their wishes had something of the nature of a command in the field, I think. In any case, the fund grew rapidly.

Mr. BENIDICKSON: Were the rates of levy similar to those of the other two services?

The CHAIRMAN: They exceeded them in some instances. That is what I am informed by the then minister. Under those conditions the question came up as to how to legalize the retention of funds which are in part, at any rate, derived from the investment of public capital, as was the case in the other forces.

The WITNESS: There was no public capital invested in Air Force canteens.

*By the Chairman:*

Q. Did your fund not include, for instance, overseas canteen and messing funds?—A. Yes, we got something.

Q. That is exactly the point. In your messing and your Naafi you got a contribution from Naafi and all these other things in which the public had an interest. The desire of the air force was achieved in a manner as to which I cannot give you the steps, but it was eventually regularized by the establishment of a distinct company. There was some heart-burning about it at the time, as some of you remember, but I think that the position now has been wholly

and completely regularized by this method. By arrangement or by courtesy or some other means the audit is performed at the moment, at any rate, by the Auditor General, and in that way the government of the day has that information. Otherwise they would have to rely on the auditors appointed by the company just as they do in the case of the Canadian National Railways where the audit is made by Touche and Company.

Mr. PROBE: The reason I asked the question I did was not to cast any aspersion. I hope you understand that, but as it looks to me now we have here three sets of funds, the navy, the air force and the army. We have three sets of officers scattered all over the dominion and service groups in every village and hamlet, if it is carried out to its ultimate conclusion, spending this money. To me that is not an efficient set-up. I had hoped that as a result of our proceedings here we might bring about a closer union of the benevolent funds of these services instead of spreading them further and further apart. It looks to me thus far we are at a dead end unless we can bring in this other matter.

The CHAIRMAN: Once again I think that from the terms of the committee's reference this committee must accept these other funds as having been established as legal entities and outside of the pale of our jurisdiction beyond the fact we shall be happy to learn something from their accomplishments and to profit possibly by their mistakes.

Mr. LENNARD: As I understand it this gentleman was invited here to explain the method under which—

The CHAIRMAN: They administer the fund which they had left.

The WITNESS: That is right.

Mr. BENEDICKSON: We had a very interesting brief the other day, as you recall, from the official who administers the Ontario fund from the last war. I wonder if Mr. Apedaile is familiar with their practices?

The CHAIRMAN: I think perhaps that could be best brought out by questioning. I might illustrate what I mean by asking one or two questions on the administrative part of it. That will start us going.

Mr. MARSHALL: Before doing that you mentioned at the opening of this meeting that we could find a financial statement in one of the issues of the proceedings of our committee. That is dated March 8, 1946.

*By Mr. Marshall:*

Q. When does your year end?—A. The year ends on the 31st of December. We have not got our accounts completed yet for the year. The Auditor General has not made his report. Therefore they are not made public.

Q. There is nothing at all from December 31. We haven't a thing at all.—A. Our directors are fully informed monthly as to what the progress is but the annual report is not ready for publication because the Auditor General has not yet made his report.

Q. So the only thing we have to go on is this report which is a year old?—A. Yes, sir.

The CHAIRMAN: As to procedure.

*By Mr. Marshall:*

Q. In this report it is evident that the company which operates the fund grants loans and other assistance for benevolence as well. Have you any branch which deals with the question of education and to what extent?—A. In 19 universities we have committees.

Q. Can you tell us how much you spend on education?—A. Very little, sir.

Q. What is the reason for that?—A. The reason is that D.V.A. is taking care of most of the education.

*By Mr. Wright:*

Q. Can you tell us what proportion of your funds are disbursed in the form of loans and what are outright gifts? When you are doing that would you give in what amount these loans are being repaid, or are they being repaid?—A. We make almost twice as many loans as we do grants.

*By Mr. Marshall:*

Q. How many loans have you made up to the present time?—A. Loans and grants together amount to about 3,000 a year. Of the loans some of them are emergency loans made in the field which in many cases are converted to grants by the time the case is investigated. Of our loans as they appear at any time on the books, subject to other adjustments, I would say two-thirds of them are repaid in our experience. The other one-third is either at the time, immediately thereafter, or later converted into grants.

Q. What are the loans used for?—A. Various things. We grant loans to help them in medical difficulties, a hundred and one different things.

*By Mr. Benidickson:*

Q. I notice in paragraph 2 of your brief you say:—

At each R.C.A.F. service station there is appointed an R.C.A.F. benevolent fund committee.

I judge that you are referring to permanent force stations?—A. Yes, sir.

Q. I am wondering what percentage of benevolence from this fund goes to active permanent force employees as against ex-members of the R.C.A.F.—A. When we commenced this fund we had approximately 250,000 air force personnel. I am talking about the time of incorporation. As they left and went back to civilian life the assistance went with them. We started in by practically all aid to air force personnel. As they went into civilian life there was more aid to those who had returned to civilian life, and to-day there is very much more I would say that six out of seven cases would be civilians to-day.

Q. Practically all our figures so far have been on the basis of six out of seven rather than in dollars and cents.—A. We do not make any distinction in our books as to whether he is an air force man or whether he is an ex-air force man or woman.

Q. I mean we have been dealing in percentages rather than in volume, in dollars. We have an idea of the amount of your fund. It is \$3,000,000. Naturally we would be interested in knowing in actual experience how much in dollar volume you have been giving to permanent force employees for their special emergencies, and how much to reserve or ex-service personnel?—A. We make no distinction either as to service men, ex-service men, officers, N.C.O.'s or rank and file.

Q. Let us suppose in a western province a discharged ex-member of the R.C.A.F. was in circumstances that might entitle him to call on your fund. How would he make his application?—A. He would go to his local committee.

Q. Is that the committee on the R.C.A.F. service station?—A. Not if he is a civilian.

Q. That is what I mean.—A. It does not matter where he goes. They will guide him where to go.

Q. But what is required of him?—A. He will probably find somebody who was in the air force with him in the same village or town is the committee representative. He will go to him. He then fills out an application form giving all particulars of why he needs aid, what his financial position is, and a hundred and one things which are on this application form. I think you have seen that.

Mr. PROBE: Have there not been—

The CHAIRMAN: Please let the witness finish. I think Mr. Apedaile had not completed his statement.

The WITNESS: I was trying to follow the thing through. He makes his application to this man. If it is a family difficulty, which it very often is, this local sub-chairman will ask one of his committee to visit the home and see what they can do, what condition they are in, and so on. Eventually as a result of the local investigation they forward this form with their recommendation to head office. If there is an urgent need, probably lack of food in the house, or something of that kind, they immediately rectify that on the spot before they send in the application form.

*By Mr. Benidickson:*

Q. How do they rectify that on the spot?—A. Because they have an imprest account which enables them to take care of it.

Q. That is locally; it is not provincially?—A. No, it is local.

*By Mr. Marshall:*

Q. What is the maximum they can disburse?—A. Their imprest account is \$100 to \$1,000. Any sub-chairman in an emergency of that kind can disburse up to \$150.

*By Mr. Cruickshank:*

Q. What do you mean by "local committee"?—A. The local committee that is in this particular village or town.

Q. For instance, in British Columbia would each district have a local man?—A. Yes, sir.

*By Mr. Brooks:*

Q. I should like to ask the witness this question. The air force, of course, was all active service personnel. Is there any difference or discrimination made as to whether a man served in Canada or whether he served overseas?—A. I am glad you brought that point up. As a matter of fact, all air force personnel enlisted to go anywhere they were posted. We had no enlistments for Canada only like the army.

Q. But there is no discrimination?—A. There is no distinction whatsoever.

The CHAIRMAN: I am afraid that statement might invite a rebuttal, but we will let it pass.

*By Mr. Benidickson:*

Q. You say that although the fund originated by reason of a gift about 1934 until the outbreak of the second great war only some \$19,000 was in the fund?—A. Yes, sir.

Q. I am wondering what happens in the case of personnel who may have served only in the first great war.—A. We make no distinction as long as they served in the air force, whether in the last war, this war or both wars. If they have a need they get help.

*By Mr. Mutch:*

Q. Is it correct that as to a member of the R.C.A.F. who has enlisted since the termination of hostilities and has no active service at all it is possible for him to share in the benefits of the fund which was created in large measure, all but half a million dollars, by the men who themselves served in the war?—A. We would not debar him.

Q. What is the explanation of that? Is that because yours is a revolving fund in perpetuity and he is beginning to contribute now, and therefore in spite of the fact that the amount was \$19,000 when the war broke out and is now \$3,000,000, of which \$2,500,000 was earned by the personnel through

canteen funds and other things, there is no cut-off? The man who follows after them profits by that equally with the men who earned the money? —A. Yes, because, as a matter of fact, most of the fellows who have enlisted since the war have just returned to the service.

Q. That is not the point.—A. The point is, we make no distinction.

*By Mr. Fulton:*

Q. Would you elaborate on that a little? I did not catch what you said, and I cannot see anything in the brief as to this. Where you are getting contributions from men in the air force now are you still continuing to receive canteen funds?—A. Yes, sir.

Q. That is your basis for making no differentiation?—A. I suppose that is one of the good reasons.

Q. Can you tell us the others? What is the basis for your differentiation between a grant and a loan? What sort of circumstances decide whether you make a grant or a loan?—A. Ability to repay within a reasonable time.

Q. You would prefer to make all loans, if possible, rather than grants? —A. No, sir; I would not say that at all. In many cases the lad will want a loan and he will not take a grant. We admire him for that, but sometimes later on we will pick him up and relieve him of the loan if difficulties arise. There are lads who are taking vocational training, and particularly those who are returning to university, who are married. They have a wife, and the wife has a baby. They have nothing to meet the cost of confinement. That is a case where we would step in. We certainly would not make it a loan because the lad may have two or three years to go before he graduates. If he is a decent fellow it would be worrying him.

Q. Would this be a correct summary of your philosophy in administering this fund: you want to maintain the fund in perpetuity and, therefore, you would assist, in the first instance, in making loans so the fund would be maintained but, if conditions warranted it, you would not hesitate to make a grant?

—A. You are about right, sir; but we are not looking at the bank balance when we are adjudicating on claims or applications. We are out to do a good job if we can. If we looked at the bank account and found it was going low one day, that poor fellow would get a raw deal. The next day, we might have a big bank balance and the fellow who came along that day would get a generous amount.

Q. In your brief you referred to the plan of the organization of the fund, but I cannot find it. Have you a copy available?—A. There is only one copy, unfortunately, and I have it here. I am tabling all these copies.

The CHAIRMAN: We can have the steering committee look at these things and if there are any that the committee desires to have reprinted as an appendix, we will do it.

*By Mr. Wright:*

Q. The witness has stated at different times it was the purpose to make the fund a perpetual fund — — A. No, your neighbour stated that.

Q. Let me put it this way: the expression has been used that this be a perpetual fund. I do not agree with that because I believe the greatest need will probably come during the next ten years and that this fund should be fairly well dispersed at that time or within a period of years, at least within the next twenty years, when the need will be greatest. I should like to ask the witness what the policy of the directors is with respect to the disbursement of the fund over the next ten to twenty years?—A. My instructions are to administer the fund and not look at the amount we have in the bank or in dominion bonds. I am to treat each case as the need is and fill that need.

*By Mr. Cruickshank:*

Q. I should like to ask a question and I am sorry if it is repetitious, but from reading the paragraph it is not clear to me how the officials are appointed or elected. This paragraph refers to 1934 when the majority of the present day air men were not in the forces—

The CHAIRMAN: It was incorporated in 1944.

Mr. CRUICKSHANK: It say 1934 in my copy.

The CHAIRMAN: That is the donation fund.

Mr. CRUICKSHANK: I have asked two or three around me and they apparently cannot explain it to me, but I am sorry if it is repetition.

The CHAIRMAN: It is not quite clear and we would be glad to have Mr. Apedaile elucidate.

*By Mr. Cruickshank:*

Q. What I am trying to get at is the organization of this thing. I assume it was done in a democratic way, so I will accept that. However, supposing one member dies, who takes his place? How is he selected or appointed?—A. In 1934, I shall go back to the origin of it, there were a few trustees, members of the air council and as they were posted away others were appointed to take their place. In 1944, the fund became a little cumbersome to be handled by the trustees, with the war on their hands too, and so a corporation was formed. There were the original directors of the corporation, just like any business corporation, and they were added to by going through the country picking out what they considered to be, at the that time, responsible public-spirited men, who had in most cases some connection with the air force either during the last war or this war and who would be sympathetic towards it. Thus was formed the first group of directors.

The members were also selected for the same reason, because of their contact with the service in one way or the other.

Q. Who selected them?—A. The group who originally started the fund. Now, today, we have our annual meetings. The members come to the annual meeting and they, in a similar manner as the shareholders of a company, elect the directors for the current year. The directors appoint the Executive committee for the current year, and so on.

Q. I hope it does not happen, but assume a number of them die, who would appoint the men to take their places?—A. Each year, we have the twenty directors—

Q. Presume the twenty of them died in the next month?—A. We would do exactly the same as a corporation. We would have to replace them. Remaining directors have the right to fill vacancies during the year in case any director resigns or dies and, in our corporation, we have the same right. We would continue in that way even though they were dying one day after another.

Q. What I am trying to get at, would the remaining members of the board do the appointing?—A. Oh, definitely.

Mr. MARSHALL: I wonder if the witness could file a copy of the articles of incorporation of the company.

The CHAIRMAN: I think he has done so.

Mr. PROBE: I think we asked that they be placed on the record.

*By Mr. Cruickshank:*

Q. I should like to ask one more question—I have a lot af airmen in my district—the rank and file airmen, 250,000 at one time, have absolutely no say as to who is going to administer the fund?—A. Out of the 79 members of the fund, that is the same as the shareholders of a corporation—

Q. I, for one, am not interested in the shareholders. I leave that to St. James street and Toronto?—A. Out of the 79, a very large majority of them are those about whom you are talking.

Q. How many of them are not officers?—A. I cannot give you the figures now, but there are more civilians and other ranks among the members than there are officers.

Q. I am glad to hear it, because looking down this list it looks like a who's who list of the red tabs. Have the rank and file any say in the administration of their fund?—A. The members elect their directors each year.

Q. How are those men selected?—A. At the annual meeting by the members.

Q. What I am trying to get at is, the rank and file, the privates or the LAC's as you call them in the air force, have no say as to who is going to be on the board. The corporation, I do not know the term but one of my legal advisors will give me the term, will select this board and the rank and file, whether they be air men or air women will have no say?

The CHAIRMAN: May I interject a point? This is not, under the articles of incorporation, a public fund. This is a corporation which has been created by law to administer the fund. In the ordinary sense, the air force personnel who served and who were instrumental in raising \$2,500,000 of this \$3,000,000, are the beneficiaries of it, under the articles of incorporation, just the same as an air force man who enlisted yesterday is a beneficiary. However, they have nothing to do with administration under the Act.

*By Mr. Marshall:*

Q. The question is this, are the members of the air force or ex-members of the air force members of the corporation?—A. No, not automatically.

Q. They have no say in it?—A. That is quite true.

Mr. FULTON: Let the witness answer the questions.

*By Mr. Cruickshank:*

Q. With all deference to you, Mr. Chairman, I asked a question. I am sorry I missed the first part of the meeting, but I understand this is not repetition. I want to know definitely from the witness that the rank and file of the air force apparently have no say as to who is going to administer this fund. Am I correct in that assumption?—A. You are incorrect, sir.

Q. Then, I will ask a further question, what rights have they in selecting the people?—A. As members of the fund, they elect the directors annually. There are a majority of the rank and file and civilians who are members of the fund. If the members of the fund, the 79, met here, there would be a large majority of ex-rank and file and civilian men in this room.

Q. There are only 79 out of 250,000. How are they elected, the 79?—A. The 79 out of 250,000 were elected for various reasons.

Q. But how?—A. First of all, they were elected, or nominated if you like, in each province according to the provincial recruiting records.

Q. Who nominated them?—A. The directors.

Q. Who were the directors? What I am trying to get at, Mr. Witness, and it is not clear to me is, who nominated the 79?

The CHAIRMAN: I will try once more to explain this matter in order that the witness may go ahead with something else. It has been pointed out that this is not a public fund, it is a company fund. This group in this room could constitute themselves into a company to perform any service. If they approached this government or any other government to obtain permission to administrate a fund, they could administer it if they obtained the permission, the same as this company does. In effect that is what happened.

Mr. CRUCKSHANK: I wish I knew how to get into this racket. Am I to understand if we, sitting around this table, were to constitute ourselves a corporation and we could secure \$3,000,000 of some else's money to administer, we could, as the 79 members, do that without reference to the 250,000 shareholders?

The CHAIRMAN: There is only one important proviso, experience and history teaches us it is possible but highly improbable.

*By Mr. Benidickson:*

Q. May I ask a question which, again, may not be a matter of right, but a matter of privilege since these gentlemen are here on a basis of courtesy, but if they have no objection to answering, probably Mr. Apedaile might tell us where the active bookkeepers and administrators of this fund are?—A. You mean the officers of the fund, sir?

Q. Shall I give you a little background material? We had an interesting brief from the Ontario people who administered the fund from the last war and we were told that a certain committee hired a permanent secretary. He, in turn, no doubt had some stenographers as well as some other people. Now, who fulfills a similar function for the air force?—A. We have a staff of nine at headquarters here, who are paid.

Q. When you say, "headquarters", where is the actual site of those headquarters?—A. In Ottawa.

Q. In what building?—A. The Lisgar building.

Q. Is that the air force building?—A. Yes.

Q. Do those same people fulfil some other function for the government in connection with the air force?—A. No, sir.

*By Mr. Fulton:*

Q. With regard to the original set-up, I have tried to follow what happened and I should like to put what seems to me to be the position and then have it corrected. Is it correct that this was sort of a private air force corporation at the start of the war which administered funds which were collected from the service personnel and was a comparatively small fund to administer. Then, when the war came along the funds increased greatly and it was decided that this was not the proper way to administer it. It required a large staff to look after it so, in effect, the government or perhaps not the government, the air force officers responsible for the direction of the air force said, "We will set up a corporation along these lines," set forth in your brief. This was done and that corporation was charged with the administration of the fund so that the organization came from the top, did it not? It was not a case of holding elections amongst the personnel of the air force across the country?—A. Very much as you describe it, sir.

Q. What status has your corporation? Did you have a routine order or air force order passed authorizing this, in addition to the incorporation under the Dominion Companies Act? How was the control of this fund transferred from the committee of air force officers to the committee set up under the Companies Act?—A. Yes, the committee or board of trustees were the trustees of a fund. All they had to do was see that the conditions of the trust deed were carried out. As the situation developed, the air force became so large it was too cumbersome for the trustees to handle and they decided they would form a company. For that purpose, the consents and authorities would all be in the air force and in the ministry.

Q. He authorized, as it were, a transfer of the existing funds from the trustees to the committee?—A. As I understand it the authorities were duly procured for each step.

Q. To follow that up then, it is not quite the same as the situation in the normal company where the shareholders hold shares in the company and if they die their shares pass to their duly appointed representatives. I take it that does not apply in this case. As I understand it, if a shareholder or rather a member of the corporation dies, the directorate appoints his successor?—A. That is correct. The only reason the directors are anxious to do that is to see that each province has its proper representation according to its enlistment records. We are doing our best to maintain that.

Q. Could you tell me this, perhaps you have not the knowledge, but is that something the same system as was, in fact, carried on in connection with the canteen fund after the last war so far as the naming of the personnel in charge of this fund was concerned?—A. I could not answer that, sir.

*By Mr. Probe:*

Q. Mr. Chairman, may I ask three questions? Who made the decision as to what share of the canteen funds or other funds went into the R.C.A.F. benevolent fund? You said when the war began there was approximately \$19,000 in the fund that was being administered. By reason of gifts, canteen funds and other things, this \$19,000 has increased to \$3,000,000. It must have been done or apparently was due to regulations or decisions made by someone. Your directors could not just go into each canteen and pick up so much money. I presume there was an air force routine order properly promulgated or an air council decision?—A. I cannot answer authoritatively but I can tell you what I understand the situation was. When this fund began developing in the way we have described, a request from the fund went to the canteens and to the officer's and sergeant's messes, all air force messes, requesting contributions. Then, they naturally wrote out and said, "Can we meet these contributions?" I believe they received authority to do so if they desired. They made these contributions accordingly.

*By Mr. Marshall:*

Q. You are speaking of canteens being operated by the air force alone?—  
A. Yes.

Q. Not by any other branch of the service?—A. Yes.

*By Mr. Probe:*

Q. There was no order compelling 5 per cent of the gross sales to be turned over?—A. I know of no such order. I do know the commanding officer of each unit or station as the case might be, received this request from the benevolent fund. He was naturally interested and wrote in to see whether he could make a contribution if he so desired. He was told he could and he did.

Q. That was regularized by order?—A. I believe so.

The CHAIRMAN: What would have been the effect if the commanding officer had said no, there is no provision in our orders for this, we are not going to spend our money illegally; what would have happened to him?

Mr. CRUICKSHANK: You were on a committee in 1942?

The CHAIRMAN: Yes.

Mr. CRUICKSHANK: If my memory serves me correctly there was definitely a specified sum allotted by the air force canteens to the benevolent fund. That was one of the matters we discussed on that committee.

The CHAIRMAN: I think what Mr. Apedaile is saying is that they fixed a percentage which was regularly contributed by consent, but it was not collected as a levy which could be enforced; is that correct?

The WITNESS: Yes, that is correct.

Mr. CRUICKSHANK: Because we had a number of witnesses before the canteen committee in 1942, and if my memory serves me correctly the exact amount was five per cent and it was mandatory, they had to pay it in; because we brought it up at that time and it was the opinion of a majority of the canteen committee then—and in saying this I am not being critical of the air force at all—but obviously, they could not physically have built up a fund of \$200,000 to \$250,000 otherwise—the amount at which it stood at that time, 1942. That is the only way in which that fund could have been developed from the original \$19,000-odd, otherwise. That was definitely our opinion in 1942, as the record will show. I would like to ask in that same connection how many directors or other officials are from the regular R.C.A.F. and how many from the discharged personnel and the voluntary—war period service, whatever you may call it?

The WITNESS: Air Marshal Bishop and Air Chief Marshal Breadner were permanent air force officers.

*By Mr. Cruickshank:*

Q. What I am trying to get at is the percentage of officials administering this fund who are or are not superannuated officials of the regular air force. How many members administering this \$3,000,000 fund, which grew from \$19,000 through the benefits of 250,000 in the ranks—in view of its size I want to know know how many officials administering that fund are either members of the regular R.C.A.F. or are superannuated officials of the R.C.A.F., and how many are from the war-period R.C.A.F.?—A. You mean, of the twenty? Of the twenty directors administering this fund at the present time two are still in the air force.

Q. How many are superannuated?—A. Air Marshal Bishop, Air Chief Marshal Breadner and Air Marshal Edwards. There are three retired and two still in.

Q. That is five out of the twenty?—A. Yes, that is right.

Q. How many are wartime, not civilian, but wartime members of the R.C.A.F.—you know what I mean by wartime?—A. Well, of course. Air Vice Marshal Laird and W. H. Stuart and S. P. Jamieson are wartime officers. All the rest of the names are here.

Q. In other words, it is only the wartime ones who are on this body, and as to the men who actually built up the fund, they have no actual representation at all?—A. Oh yes, they are in the majority.

Q. Are they now?—A. They are still members of the fund.

Q. No, the directors; I am not interested in members, I want to know the directors. What I am trying to find out is, of your directors certain are regular air force officers or superannuated air force officers; how many are what we call wartime service officers?—A. Air Marshal Bishop was a permanent officer. He is retired and is still on the board. Air Marshal Leckie is a permanent officer; he is still in the service and still on the board. Air Vice Marshal Laird was a wartime officer and he was retired and he is still on the board. Air Chief Marshal Breadner is a permanent officer, retired, and still on the board. Air Commodore Mackell is a permanent officer as well; he is in the service and still on the board. Air Marshal Edwards was a permanent officer; he is retired and still on the board.

The CHAIRMAN: Order, please, gentlemen. I must remind the committee that Mr. Apedale and Flight Lieutenant Bell are here to-day to give us whatever information they can with respect to the operations of their company, which is really the R.C.A.F. benevolent fund, in order that we might benefit by it. It is not within the terms of reference of this committee to examine into the policy end of the fund or the policy of the directors, except in so far

as information might be volunteered. I have allowed considerable latitude this morning with respect to our study of the R.C.A.F. set-up with its possible application to the administration of the army fund. I think the discussion has now taken a turn which might be interpreted to mean that this committee is either critical or in some measure disapproves of questions of policy that do not come within the terms of our reference. We are faced by the established fact that there is a legal entity which does certain work and which cannot be touched by this committee.

Mr. FULTON: I think there is one thing I should point out in fairness before you make a ruling—

The CHAIRMAN: Let us say suggestion, rather; I hope I shall not have to make a ruling.

Mr. FULTON: —and that is that the evidence so far has been—and I think what I am going to say is in respect of this present matter—that there are very few, I think only one member of this board of directors who did not have wartime service; and from what the witness said a moment ago I gathered that a number of the members of the fund saw wartime service only in the air force.

The WITNESS: That is so.

Mr. FULTON: And naturally these members with wartime service only are satisfied to have these directors administering the fund.

The CHAIRMAN: I think that should be on the record. At the same time I think I should point out that, this being a company, they hold their regular meetings and elect their boards of directors.

Mr. CRUICKSHANK: How are they elected?

The CHAIRMAN: In the usual company form at annual meetings. However, I hope it will never be necessary for me to make an arbitrary ruling in this committee. I do not think it will. We are all anxious to get all the information we can for our own members as to the adequacy of this fund or any other fund. But, gentlemen, we are not in a position to review this fund. These gentlemen are here by courtesy to help us, and I suggest there is a definite limit to the scope of our questions. If subsequently we get permission from the House of Commons, which has the power, to review this fund, we would then call those officials who are responsible for policy. But at the moment, as we are servants of the House and as Mr. Apedaile is a servant of the fund, I think we must hold our question to technical matters.

*By Mr. Probe:*

Q. May I then, Mr. Chairman, refer back to certain questions which I was going to ask but which I have not had the opportunity of asking yet? In addition to salaries and office expense—and I am referring particularly to the nine employees of the fund—what other administrative expense has the R.C.A.F. benevolent fund? For example, the witness spoke of the annual meeting attended by members of the corporation. I presume that is held in Ottawa. There are 79 people, and if the cost of their annual meeting were \$25,000 for expenses that would be modest. What are the expenses of administration in addition to the office expense of the nine salaried employees?—A. Over and above the staff of nine there are the usual costs of printing and matters of that kind—stationery, postage.

Q. Travel allowances?—A. Travelling allowances where necessary.

Q. At what rate?—A. The travelling allowance for an official is \$10 a day. As a matter of fact we also permit \$10 a day for members coming to a meeting. Up to now I do not think we have spent more than \$200 on that because most of them pay their own way or somebody pays it for them.

Q. That is quite interesting, and I think it should be on our record. There are no directors' fees as such?—A. No, sir. As a matter of fact I believe we haven't one director who has ever taken a penny for travelling expenses or any other expenses.

Q. But it is permissible?—A. At the offices we have throughout Canada, and we have 119, we pay out nothing for office rents and the like.

Q. The government pays that?—A. No, sir. These expenses throughout the provinces are met by the local committees, if there are any. Our usual experience is that the chairman or somebody on the local committee gives the use of an office with a typewriter, telephone and everything that goes with it, free of charge.

Q. Would the witness, for our guidance, give us a copy of last year's balance sheet?

The CHAIRMAN: We have that in the record now.

Mr. PROBE: That is in the record. That is fine. And your most recent financial statement with respect to say a year's operation will give us some idea of how you spent your money for one year.

The WITNESS: As soon as we get the statement from the auditors and it is approved by the directors I'll be very happy to lodge copies with you. That will be up to the end of last year.

*By Mr. Emmerson:*

Q. At your annual meetings of members do the members of the fund vote by proxy if they do not attend?—A. We have no proxies, sir.

Q. So it is only the members in attendance who vote?—A. Yes, sir.

Q. And I think you said that in each village or R.C.A.F. station there is a member of the benevolent fund committee?—A. Yes.

Q. And in the case where there is a station in a small village, a small area, would there be two—one on the station and one outside?—A. Yes, sir.

Q. So that a permanent force man applies on the station and a dischargee applies outside?—A. We find, sir, that a man will tell his story much better to one in mufti than he will to a senior officer.

*By Mr. Marshall:*

Q. Mr. Chairman, I have one question I would like to ask the witness. I am going to submit a hypothetical case. Supposing I am an ex-service man and I apply for a loan of \$150. I live in the province of Alberta, we will say. Would you tell us just how long it would take me to get that loan or get an answer to my application?—A. We are very proud of the fact that on the average it takes less than one week to get the answer.

Q. Who has the final say with respect to a loan; does it have to go to Ottawa?—A. Yes, it comes to Ottawa unless it is a case of emergency. In cases of emergency the local committee gives the money.

Q. That is up to \$150; how about above that, we will say \$250?—A. In an emergency they may jump the gun, and handle it locally.

The CHAIRMAN: Do they not, in point of practice, loan in that case \$150 with an additional \$100 later?

The WITNESS: As a matter of fact what happens in the case of people who are hard-pressed for money, the sub-committee would go to the hospital or wherever the case happens to be, and we will say that the benevolent fund will stand behind those bills.

*By Mr. Marshall:*

Q. What percentage of your loans are uncollectable?—A. About one-third are converted to grants; that is, when the time comes to repay the loan and we find that repayment would constitute an injustice or hardship, under such circumstances we would convert it to a grant.

*By the Chairman:*

Q. Can you tell the committee roughly from your point of view as administrator whether or not in general your committees out in the provinces do make loans or grants for purposes which might be said to overlap D.V.A. care of these men?—A. I am glad you brought that up. The local committees are not allowed to make a grant. They are allowed to guarantee an account or make an advance in the case of an emergency, because when it comes to head office to be considered then we investigate the possibilities of one of the branches of D.V.A. coming in and doing its job. If we had made a grant to relieve this man on his application D.V.A. would not pay us back the grant, but if it is a loan it is still a liability of the man D.V.A. functions and comes forward. I should like to say also that the co-operation with D.V.A. has been simply fine.

*By Mr. Brooks:*

Q. Do you find cases where D.V.A. should help, and the man does not know, and you lend your services to see that D.V.A. gives assistance?—A. Yes, we are very proud of calling ourselves counsel for those who need guidance to go to the right place where we find they are entitled to something.

*By the Chairman:*

Q. You spoke of the fact you practically pay no rent, that at the moment you get it as a contribution in most cases, either as the gift of some person or through the person who is acting as your advisor. Do your directors envision a time when, with such a wide-spread organization as you have, you will not always be able to have these services rent free? Do you anticipate you will always be able to have these services rent free?—A. Yes, sir, we do.

*By Mr. Baker:*

Q. Have you estimated as to how long you think your fund may last? Are you intending to spend it on the veterans of this war and their dependents and then have the thing wound up? I know that it is impossible to arrive at it accurately, but I was wondering if you had any actuarial work done on that at all?—A. As a matter of fact, I made calculations of my own some time ago, and it looked to me that, anticipating recessions, if you like to call them that, and other difficulties that will probably come along before we really get settled down, this fund should last for about twenty-five years.

*By Mr. Fulton:*

Q. May I ask you how your contributions from the permanent air force are received now? Is it an assessment on their canteen funds?—A. It is voluntary. The committees of the canteens make voluntary contributions of 1 per cent of the drawings.

Q. Does that apply to every station?—A. If they wish. We have had one or two where they felt they were short on funds, and they have cut out the contribution for a few months.

*By Mr. Cruickshank:*

Q. One per cent of the gross or net?—A. Gross.

*By Mr. Fulton:*

Q. You were saying some of them cut it out?—A. If they find themselves hard up they write and say, "We will not be able to give you a contribution for a few months." That is all right. Then they start again.

The CHAIRMAN: May I follow that up?

Mr. FULTON: I want to follow up.

*By the Chairman:*

Q. I was going to ask this question. Does that exclude the personnel of that station from the benefits of the fund during the period of non-contribution?—A. No, sir.

*By Mr. Fulton:*

Q. Would you tell us whether it is entirely voluntary, or whether it has the unofficial sanction of the air force, or whether it is a requirement?—A. It is entirely voluntary.

*By Mr. Probe:*

Q. When did you have your last annual meeting of the directors?—A. We had a meeting of directors two weeks ago.

Q. That is a monthly thing?—A. No, the executive meet once a month, and we call in the directors only in what we consider to be important cases.

Q. How many of the directors were present at that meeting?—A. About nine.

*By Mr. Wright:*

Q. How many of the 79 members attended your last annual meeting for the election of directors?—A. The secretary tells me—and I think I agree with him—that we had fully 50 people.

*By Mr. Brooks:*

Q. Do the directors ever hear representations from veterans' organizations of the air force at their directors' meetings as to how the fund should be disposed?—A. Yes, sir; they are kept regularly informed as to what we are doing.

Q. Do they attend?—A. The executive committee meet once a month and a copy of the minutes is sent around to all directors. As the directors are also the chairmen of the provinces it means that the chairman of each province in the same way gets a copy of the minutes of the executive meeting.

Q. What I meant was, you have a meeting of your directors here in Ottawa. There may be dissatisfaction in some part of the country over the administration of the fund. Do representations come from that particular section of the country? Do the men themselves come and appear before your directorate and present their case and say, "We would like to have the fund administered in some other way."—A. The nine representatives of the nine provinces are directors.

Q. I know that.—A. Then the nine representatives, each in his own province, call meetings from time to time of the chairmen of the various sub-committees in the province to discuss the business of the fund, how it is working out, etc.

Q. And they are supposed to take note of any dissatisfaction there is in their area and report it to the directors' meeting here?—A. That is correct.

Q. The men themselves do not come?—A. That is correct. These directors shoot any complaints into the head office.

*By Mr. Cruickshank:*

Q. Has the Canadian Legion made any representations to the directors?—A. No, sir.

Mr. BROOKS: Everybody seems to be happy.

Mr. PROBE: I think the fact that the directors and the members are paying all their own expenses for these numerous meetings is a marvelous show of esprit de corps. It is most unusual in my experience with public bodies, and

I hope it continues. There is a good deal of credit coming to them. Much good-will is likely to be engendered because of it. The witness need not answer this question if he does not wish to do so, but I should like to ask it anyway.

Q. Is he of the opinion that the fund is being administered to the best advantage by having it separate from the army and the navy?

The CHAIRMAN: I am afraid that is a matter of policy. I do not think he should answer that.

Mr. PROBE: I suspected it was, but I am still wondering whether that is the best procedure. There are so many good things about what the witness has told us. In my opinion, this matter of unselfishness of the directors is a marvelous thing.

Mr. LENNARD: There is nothing new about that.

Mr. PROBE: As a continuous thing I would say it is.

The CHAIRMAN: Just on that point in fairness I think we should say that the majority of the people who have served on the canteen funds since the last war have served without remuneration. I think all of them have.

Mr. PROBE: I am not thinking of remuneration. I am thinking of the actual digging into their pockets.

Mr. LENNARD: As I said before there is nothing new about that.

The CHAIRMAN: What you mean is you know a lot of nice people.

Mr. CRUICKSHANK: I want to make my point clear. I do not know whether or not the witness is retiring, but it is time we did, anyway. So that there will be no aspersion in any suggestion I have made I should like to say that the man from my own province of British Columbia, Mr. Clarence Wallace, is one of our finest citizens. He had four sons in the air force and lost two of them. They were all engaged in priority work. He happens to be the largest shipbuilder in Canada. They could have been profitably engaged at home, but they went to war. Mr. Wallace is one of our finest citizens in British Columbia, and I think in all Canada. As to the rest of the gentlemen, I do not know them. I want to give warning so that the witness will be prepared that I am going to move before this committee that the order of reference be extended to include the R.C.A.F. benevolent fund. I for one am not satisfied that it is being administered in a proper manner. I am not offering any criticism whatsoever of any of the directors or officials as individuals, but I do not believe it is being administered in the proper democratic form. Whether or not the committee adopts it I intend to move that our order of reference be extended so that we may examine the whole matter with full power to call any witnesses we want to hear.

The CHAIRMAN: That, of course, is the privilege of a member of the committee at any time, and will be dealt with when it arises. If you have no further questions that you would like to ask Mr. Apedaile, I think it is only proper that I should express, on behalf of the committee, our thanks to you and Flight Lieut. Bell for your courtesy in coming here to give us this information. I suppose it is impossible for this committee, twelve of the members of which were on the previous committee which recommended that there only be one fund for all ex-service personnel, to be in entire agreement as to the separation of the funds, but that has nothing to do with you. We do appreciate the fact that you are administering the situation as it exists, and we thank you very much for your courtesy in coming here.

Mr. PROBE: You are not adjourning yet?

The CHAIRMAN: No, I have two reports to make before I sit down. It was arranged at the last meeting that the chairman would endeavour to have the navy and air force come on Monday and Friday of this week. Admiral Nelles

expressed a desire to appear in person before the committee to tell the story of the navy benevolent fund. I assume that the committee would be anxious to have him here. It is advantageous to get as near the top as you can when you want information. I think perhaps he has had more experience than anyone as to the matter. He cannot be here until next Monday. We have no further delegations ready to appear before us, and if the committee is satisfied we will not call any meeting until one week from to-day. There will be no meeting on Friday. He intimated he would like to come but he wanted to have time to prepare. I cannot guarantee that he will appear on Monday but certainly the navy will appear.

We have had filed by Mr. Apedaile to-day a series of documents which are mentioned in this list. I will ask the steering committee to look them over between now and next Monday with a view to deciding what it might be advantageous to have published as a supplement to our evidence. If anyone has any desires with respect to that I should like to know.

Mr. PROBE: The monthly financial statement is mentioned, and I asked if we might have the latest annual statement.

The CHAIRMAN: We have the latest one, but we have not got 1946.

Mr. PROBE: We have it in the minutes?

Mr. MARSHALL: That is for 1945.

The CHAIRMAN: The 1946 year ended on the 31st of December. That report has been completed and made known to the directors, but it is waiting for the audit of the Auditor General. It cannot be released publicly until he has passed on it, so it may be some weeks before that is available. The preceding one, 1945, which was made available in 1946, is published as an appendix already.

Mr. PROBE: There is the matter that Mr. Cruickshank raised. I support his views, but I feel that his motion could wait until we have heard from the naval officers.

Mr. CRUICKSHANK: I said I intended to move. I am not moving to-day.

The CHAIRMAN: With respect to that I suggest for the serious consideration of the committee that we have been given a sizeable job to do and we had better make some progress. I am in the hands of the committee on this matter, but it is my view—and I thank Mr. Cruickshank for his courtesy in giving notice to-day—that we ought to hear all the evidence with respect to what is before us. When we come to the position where we have heard the evidence and we are ready to consider our report then whether or not the reference should be extended will be a proper matter at that time.

Mr. CRUICKSHANK: The reason I brought it up to-day was to give these people a chance. I thought I was doing it at the right time when the representatives of the air force were here. I wanted to have it perfectly clear on the record that I am casting no aspersion on the existing officials. I am very proud of the one from British Columbia. I am casting no aspersion whatsoever, I was merely giving notice.

The CHAIRMAN: I understood that. For that reason I thank you for the courtesy of giving us notice. Is there any other matter before us? Does the committee want to print these two documents which have been filed this morning as an appendix?

Carried.

The committee adjourned at 12.40 p.m. to meet again on Monday, March 31, 1947, at 11 a.m.

## APPENDIX "A"

To: Air Vice Marshal K. G. NAIRN, C.B.,  
President, R.C.A.F. Benevolent Fund.

In compliance with your request, I have investigated the operations and functionings of the R.C.A.F. Benevolent Fund and beg to submit, for your consideration, the following organization plan, which I consider can be readily adopted in view of the fact that a considerable part of it is already in operation.

- (1) *Head Office*—Manager  
Secretary-Stenographer.
- (2) *A.F.H.Q.*
  - (a) A.M.P.  
“Special Services—Special Aid”—Applications; investigations, loans and repayments, grants.
  - (b) D.A.F.  
For contacts with various governmental agencies to obtain the assistance provided for under Pay and Allowance Regulations.
- (3) *Field*
  - (a) General  
A chairman in each province, in Newfoundland, United Kingdom and U.S.A., presiding over both service and civilian.
  - (b) Service  
Commanding officer of each service station or unit with senior administrative officer and senior accountant officer as a committee.
  - (c) Air Commands  
The senior administrative officer with a committee of three, including the command accountant officer.
  - (d) Civilian  
A sub-chairman in each city, town and district.

## II. DUTIES

- (1) *Manager*  
The manager will be responsible to the Board through the executive committee for the proper functionings of the whole organization.
- (2) *A.F.H.Q.*
  - (a) A.M.P. (Special Services—Special Aid)  
This unit of service personnel, while under A.M.P., will operate in the closest co-operation with the manager, to whom, by consent, it will look for guidance. Its main duties are set forth in Appendix I hereto. The procedure now in force for dealing with claims is set forth in Appendix II hereto.  
The “Special Services—Special Aid” unit will utilize the services of various divisions of A.F.H.Q. where contacts are necessary with the various governmental organizations providing assistance for service personnel and their dependents.
- (3) *Field*
  - (a) *General*  
Each Province or Zone will be in charge of a Chairman, who is a Director of the Corporation. He will be responsible for the appointment of a Sub-Chairman in each City, Town, and District as he may find necessary and advisable, that applicants for aid may readily contact a local representative and receive speedy consideration. Should the Provincial Chairman be appealed to direct by an applicant for aid, he will immediately forward the application to the Sub-Committee

Chairman in whose zone or area the applicant resides and should a Sub-Chairman receive a request for aid from a party outside his jurisdiction, he will immediately refer the applicant to the Sub-Chairman of the zone or area in which the applicant resides.

Within ten days following the end of each calendar month, Manager will submit a report to each Provincial Chairman of the cases dealt with or under consideration in his Province, for his information and approval.

Should he deem it advisable, the Provincial Chairman may call a meeting of his Sub-Chairmen to review the activities under his jurisdiction. Sub-Chairmen should bear in mind that the Provincial Chairman will welcome any opportunity of assisting or advising them in matters pertaining to their functionings, in reviewing decisions or policy.

While loans may be made by Commanding Officers of Stations and Sub-Chairmen of zones or areas in emergencies, further Loans and Grants can only be made by authority of Head Office.

Instructions for guidance of Field Workers have been issued from time to time; but it is considered advisable that these instructions be reviewed and re-issued as modified. It is further considered that an early opportunity be taken to send qualified personnel into the Field, to advise Field Officers of their duties and responsibilities in connection with the Fund, and to give lectures to personnel on Stations, where possible, on the aims, objects and activities of the Benevolent Fund.

(b) *Service Stations or Units, including Command Admin. Units*

The Commanding Officer with his Committee will have the right in cases of emergency, to make loans not exceeding \$150 in any one case, taking therefor, a promissory note and will forward same to A.F.H.Q., A.M.P./"Special Services—Special Aid", along with the form of application, duly completed, and any further information they may consider helpful in assisting the Claims Committee in preparing the case for review and will make any further investigations required by A.F.H.Q.

(c) *Air Commands*

The Senior Administrative Officer with his Committee, will be responsible for the supervision of the activities of the "Special Services—Special Aid" Division in their respective Commands, and for liaison with the respective Provincial or Zone Chairmen.

(d) *Civilian*

Sub-Chairmen, together with Members of the Corporation resident in each Province or Zone, will form the Provincial Committee under the Provincial Chairmen and these Sub-Chairmen may, should they deem it advisable, appoint a small Committee in their own zone to assist them in the investigation of applications, by personal contact with the applicants and in any other activities as called upon.

These will have the right, in cases of emergency, to make loans not exceeding \$150 in any one case, taking therefor, a promissory note and for this purpose will be provided with an imprest in an amount found necessary by experience, but not to exceed \$500. When the amount of the imprest is inadequate or doubt exists of the propriety of advancing the amount requested, the Sub-Chairman will telegraph, collect, to A.F.H.Q., AMP./"Special Services—Special Aid" for guidance.

On an application being received by a Sub-Chairman, he will immediately make the necessary investigation and communicate direct with Special Services—Special Aid, forwarding the form of application duly completed, the promissory note, where immediate financial aid has been found necessary and granted, and a complete report on the case.

So soon as this information is received by Special Services—Special Aid, the amount advanced will be remitted to the Sub-Chairman, so that his imprest may be maintained and the case reviewed by the Claims Committee for submission with their recommendations to the Manager, who will, where required, as provided below, submit the Case to the Executive Committee.

### III. Financial Structure

The Bankers are the Bank of Montreal.

The Securities of the Fund are lodged with the Department of Finance for safe-keeping and may be drawn upon by the signing Officers by authority of the Executive Committee.

The Surplus funds may only be invested in securities of the Government of the Dominion of Canada, or those guaranteed by the said Government.

The amount of surplus funds available for investment from time to time will be decided by the Manager.

The signing Officers of the Fund, for the above purposes, and for the operation of the General or the Savings Bank account of the Fund, shall be, the Manager and one Member of the Executive Committee, or two Members of the Executive Committee. There shall remain in existence a Special Account known as R.C.A.F. Benevolent Fund Imprest Account, in which will be deposited \$15,000 and which shall be reimbursed from the General Account at the end of each month, or from time to time as required, by submission of details of the expenditures made. This Account will be operated by the Officer in charge of "Special Services—Special Aid" Unit and one Member of the Claims Committee or by two Members of the Claims Committee. The imprest Accounts of the Provincial Chairmen will be withdrawn and Imprest Accounts opened by each Sub-Chairman as recommended by the Provincial Chairman or as found necessary by the Senior Officer of the "Special Services—Special Aid" and approved by the Manager.

Repayment of Loans will continue to be collected through Service channels and deposited in the General Bank Account.

Contributions received through Service Stations and other sources will be treated in a similar manner.

The present bookkeeping system maintained by the "Special Services—Special Aid" Unit, will continue to function as heretofore.

As already submitted, Commanding Officers of Stations and Sub-Chairmen of the various Provinces are authorized to make loans in cases of emergency up to, but not exceeding \$150 in any one case. Should emergency loans in excess of this amount be recommended, the applications will be submitted by telegram through the proper channels, to the Manager, who will have the authority to increase these up to, but not exceeding \$300.

The Claims Committee, now existing, will become an Advisory Committee to the head of the "Special Services—Special Aid" and will review and make recommendations on Claims submitted for their advice, after which these claims with the Committee's recommendations will be submitted by the Head of the Unit to the Manager. The manager will have authority to make loans on such recommendations, up to, but not exceeding \$500 in any one case and to make grants in a similar manner up to but not exceeding \$500. At the Monthly Meeting of the Executive Committee, the Manager will report,

- (1) All loans made,
- (2) All grants made,
- (3) Cases for decision,
- (4) Financial Statement,
- (5) Report on activities.

#### IV. General Committees

At present there exists four Sub-Committees, viz,

(a) *Ways and Means Committee*

For recommending and developing means of raising funds. This Committee to report progress to the Manager monthly. It is considered that the Provincial Chairmen should take an active interest in securing funds and for this purpose, should keep in close touch with the Chairman of the Ways and Means Committee. Furthermore, where Air Force Units are not co-operating in raising funds for the Corporation, the Provincial Chairmen, upon being advised by the Chairman of the Ways and Means Committee, will, with the Sub-Committee Chairmen, aid in promoting plans for this purpose.

(b) *Chaplains Committee*

For Battle of Britain Day and similar anniversaries. This Committee to report to the Manager two months preceding any such anniversary stating what action is recommended for participation to benefit the Fund.

(c) *Publicity Committee*

For publicizing activities and purposes of Benevolent Fund. This Committee be utilized to assist and guide the Fund in all matters of publicity, and when properly constituted, there shall be submitted to it all publicity material which has been used, for review and the preparation of modified material that will publicize the aims, objects and activities of the Benevolent Fund so as to create and maintain the friendly interest of both the Service and the Public. This Committee will also advise and assist in the preparation of publicity matter to inform ex-Service personnel and their dependents of the Fund and its activities and guide those in need to the proper centres for assistance.

(d) *Claims Advisory Committee*

To meet, as required, to advise on claims and policy and to act as liaison with principal Government Agencies.

#### V. Executive Committee—Meetings

It is recommended that the Executive Committee meet on the third Monday of each month at 3:00 p.m. to receive Reports from the Manager, to adjudicate on claims submitted and to consider any other legitimate business.

#### VI. Ex-Officio Member

It is recommended that the Manager be "ex-officio" a member of the Executive Committee as well as all General Committees.

#### VII. Quorum

It is further recommended that three members form a quorum of the Executive Committee and any General Committees.

#### VIII. Abroad

- (a) In the case of Newfoundland the procedure laid down for a Province will apply.
- (b) In the case of the United Kingdom, there is established at R.C.A.F. Headquarters, London, a Service Committee as well as a Civilian Committee. These Committees will function in the same manner as an R.C.A.F. Station Committee and the Provincial Committees respectively; but instead of appointing Sub-Chairman Committees, the Services of the R.A.F. Benevolent Fund Organization will be utilized for investigation.

- (c) In the case of the U.S.A., the Organization will follow the procedure as laid down for the United Kingdom, with Headquarters at the Canadian Embassy, Washington, D.C.; but will use the American Red Cross for investigations and general assistance.

#### *IX. R.C.A.F. Women's Auxiliaries*

Throughout Canada there are various Women's Auxiliaries whose services could be used to advantage in the Field and Provincial Chairmen should be instructed to take advantage of this situation and advise their Sub-Chairmen accordingly.

At present there does not exist an R.C.A.F. Women's Auxiliary; but there are many independent Units spread throughout the Country. Should these independent Units be merged into a recognized R.C.A.F. Women's Auxiliary, their Services could be more efficiently utilized in assisting the Corporation in its work; particularly in visiting the sick and discovering and bringing to the attention of the Corporation those in need.

#### *X. General*

In preparing this Report, particular consideration has been given to the following:—

1. Speed in granting relief.
2. Simplicity in operation.
3. Sequence of authority.
4. Economy in overhead.
5. The gathering and compiling of full and complete data for consideration of cases.
6. Sequence of procedure between Service and Civilian activities and responsibilities.
7. The spreading of work and responsibility in the Field so as to avoid delays and to keep each worker interested.
8. To ensure that applicants obtain the maximum assistance to which they are entitled under the Regulations governing the various Governmental and Private Agencies. This entails the most work; but it contributes the greatest benefits to applicants and relieves the financial burden of the Corporation.

J. Leonard Apedaile.

927-17-1 (BFC)

1st May, 1945.

#### APPENDIX I

#### MEMORANDUM

##### DUTIES OF R.C.A.F. (SPECIAL SERVICES—SPECIAL AID) UNITS UNDER A.M.P.

All original applications submitted to Ottawa are received direct by our Orderly Room. They are processed, that is, files and cards prepared, data as to D.A. and A.P. Pensions in Pay, location of Airman or Officer, requesting of open personal file, etc., prior to submission to the Claims Reviewers, of whom there are officially two. The Reviewers scrutinize the Claims and route them to the proper Government agencies and to the Sub-Committees for investigation, where necessary. Personal files are reviewed to obtain the Air Force History, the record of any applications for compassionate postings, leave, discharge, A.W.L.'s, etc., and applications for War Service Gratuities, retroactive pay, adjustments, etc.

In addition all applications passed by the Civilian Sub-Committees or Unit Claims Committees are received, processed in a similar fashion and a decision reached, if within the authority of the Central Claims Committee. The reviewers study the Case, make their recommendations and the files are then passed to the individual members of the Central Claims Committee for decision, and where necessary to the Executive Committee for approval.

Where assistance of other Service Branches is required, memoranda to them and to the Government Agencies concerned, accompanied by copies of pertinent correspondence, are prepared. For example: to,

- R.O.2—in connection with War Service Gratuities applications,
- D.A.F./A.8—*re* War Service Gratuities payments,
- D.A.F./A.1c—*re* D.A.B. applications, hold-up in D.A. and A.P. increased Awards, etc.;
- D.A.F./A.1b—*re* Pay and Allowance regulations, entitlements to Transportation Warrants, funeral expenses, etc.,
- D. of P./P.1—*re* legal interpretations and various regulations,
- D. of P./P.3—for action of a disciplinary nature;
- D. of P./P.6—*re* applications to the D.B.T. for review and decisions, etc.,
- C.P.C.—for reports and to obtain Awards,
- D.V.A.—in connection with their regulations, including post-discharged Medical care, Out of Work Benefits, Re-Establishment Credits, etc.,
- Department of Finance—*re* purchase of Victory Bonds, etc.,
- Directorate of Estates—hasten settlement, ascertain amounts, arrange repayment of loans, etc.,
- War Veterans' Allowance Board—for assistance, inquiries, *re* regulations, etc.
- Various Charitable Organizations—for specific help when not covered by over-riding Government Assistance, e.g., Cancer and T.B. care (Provincial), Children's Aid Society, Old Age Pensions, Crippled Children's Society, etc.

A great deal of follow-up work is necessary due to delays in getting decisions from the various Government agencies, from Unit Committees, and also due to difficulty in securing correct information Postings, to frequent Postings of Personnel while a Claim is in progress, etc., and to obtain Promissory Notes when not submitted originally and when repayment instalments fail to come in.

## APPENDIX II

### PROCEDURE NOW IN FORCE FOR DEALING WITH CLAIMS

Claims received are of three types:—

- (a) Those dealt with by Unit Committees where loan action has been taken.
- (b) Similar claims where no loan action has been taken by Unit Committees.
- (c) Claims received direct at A.F.H.Q. or via our civilian Committees.

Claims handled by R.C.A.F. Unit Committees on which loan action has been taken require reimbursement, review of the action taken, and any further action indicated by the nature of the Claim. If no consideration is required for converting the loan to a grant these claims are not referred to the Claims Committee by the secretaries except for formal approval of the action taken. Where such claims require consideration for a grant, they are dealt with as cases noted in (b) above.

Such cases received from Units where no loan action has been taken or where a request for a grant is received, are reviewed by the secretaries who obtain any information necessary and then submit them to the Claims Committee for approval prior to taking any further action.

Claims received direct from airmen, civilians, interested parties, are referred to Units if the airman is stationed in Canada, to civilian sub-committees if available, or may be dealt with direct if no adequate investigation agency is readily available. Cases which are clearly the responsibility of some government agency and where no great urgency is evidenced, are referred to the proper agency with a letter of acknowledgment and of action taken to the applicant.

If the Claims Committee concurs in the recommendations made by the reviewer, the file is returned for action, otherwise, the matter is discussed further and a decision reached.

Once a decision is reached, the covering letters are written by the reviewers and dispatched. The files are then passed for formal concurrence and advice to the Claims committee where this has not been obtained previously.

As instructions have been issued in writing covering the office routine to assist in training staff, copies are attached rather than repeat the instructions here.

### R.C.A.F. BENEVOLENT FUND CARD INDEX PROCEDURE

1. The card index is maintained for the following reasons:

- (a) By recording each case as received, to provide a follow-up in the event the correspondence is misplaced.
- (b) To provide a history of each case for future use, compilation of statistics, subsequent claims, etc.
- (c) To provide a convenient summary of the case for preparation of the monthly recapitulation which is used for the reimbursement of the imprest, a report to Provincial Chairmen and Air Officers Commanding of assistance given, and also as a guide to them on the types of help provided and how each case has been dealt with.
- (d) To ensure prompt follow-up where the "BF" system fails.

2. The cards are therefore to be completed legibly and carefully to ensure maximum benefit with a minimum of red-tape. They are to be filed in strict alphabetical order as prepared and are not to be removed from the file for attachment to papers, etc. Where the file number differs from the personal number, the former is also to be recorded. The date received will be that of the receipt of the correspondence and the date completed filled in when no further action is required by us. The dates letters are written and other action taken is to be shown on the body of the card to provide the complete story for follow-up purposes.

3. The reason for the application is invariably to be given as well as the assistance required, e.g., "Repayment unit loan \$100, repayable at \$10.17—money advanced to permit visit to dying mother", or "\$100 advanced to mother for medical expenses, Assigned Pay cut off on death of son. Grant requested".

4. "Action" is that taken by us and it is not necessary to say unit or imprest reimbursed as that is invariably done, e.g. (in the above cases), "Approved, repayment suspended and Unit advised to submit application to the Dependents' Advisory Committee for medical and funeral expenses and recommendations for a grant when decision reached—22/2", or "Unit advised no necessity for advance funds available from gratuities. Hasten application to Dependents' Allowance Board and for gratuities. Repayment when decision known—12/1—Hastened—15/2". If an application is received from someone other than the airman or officer concerned this information is to be shown.

5. When cheques are prepared, a clip is to be fastened to the card until entered on the summary.

6. Cards are kept in three sections; "Active", where those requiring our further attention are kept, "Closed", where those on which all necessary action has been taken but they have not yet been summarized, and "Dead", where summary action has been taken.

7. When action has been taken, the files will be passed to the clerk in charge of the Card Index who will, in addition to recording the necessary information on the card, see that Promissory Notes have been removed and initialed for, Journal Entry action taken, concurrence of two of the three Claims Committee Members recorded and the file properly directed.

8. Where the story, recorded on the card is inadequate, it is to be completed and rewritten if necessary.

### R.C.A.F. BENEVOLENT FUND

#### PROCEDURE FOR INCOMING MAIL

1. All incoming mail addressed to the Fund, or to the attention of any officers of the Fund, is to be opened by the N.C.O., i/c Personal mail will be given to the parties concerned unless it is addressed to officers of the Fund who are out of town, in which case it will be given to the Secretary for further directions. Care must be taken in opening mail, to ensure the return address is given in the letter before discarding the envelope. Submissions accompanied by G.11's must be checked carefully to ensure all necessary information is transcribed from the G.11 before their return or discard.

2. All cash and negotiable securities received will be recorded on a "daily blotter" and turned over to the cashier, who will sign for them as received. This does not include cheques, money orders, etc., payable to the Fund, which will be passed as received, with the covering correspondence, to the cashier. The latter will issue an official receipt in each case and pass the letter and original receipt to the Secretary for acknowledgment. Receipts from R.C.A.F. units except special donations will not be acknowledged and the original receipt will be pinned to the incoming correspondence and "P.A.'d".

3. The N.C.O. i/c will scrutinize all incoming correspondence and direct all policy matter to the Treasurer. Requests for assistance will be sorted into two piles, those which appear to require immediate attention and others. The former will be given to the clerk i/c of the card index to record and passed *without delay* to the "Urgent" basket. The balance of the correspondence will be reviewed carefully and coded to secure any information considered necessary to the proper handling of the case. The object here is to present the file for review in such a manner that as few further delays as possible will be met with by the reviewer when dealing with it.

4. The code used will be:—

REQUIRED	CODE	REQUIRED	CODE
File .....	pf	Assistance by DAC.....	DAC
Card .....	c	Unit .....	U
DAAF .....	DA	To be matched	
Pension .....	P	with casualty letter.....	CAS

Any special information by a brief note. If original letter came in without sufficient information to determine the proper file 929-17-37 is used and on receipt of any subsequent letters, the original correspondence will have to be withdrawn from 929-17-37 and attached.

5. When necessary information is obtained the files will be placed in the "Routine" compartments. It should, however, always be borne in mind that if delays are met with in securing information and files deemed necessary, the attention of one of the reviewers is to be directed to the situation as it may be unwise to hold up the case.

6. It must be remembered that information coming to the attention of the staff is always *confidential*, whether so marked or otherwise.

## APPENDIX "B"

### R.C.A.F. BENEVOLENT FUND

#### FINANCIAL STATEMENT

Month Ending 30 November, 1946

#### CURRENT ACCOUNT

##### DEBIT:

Cash on hand November 1, 1946 .....	\$ 100,270 39
<i>Contributions:</i>	
RCAF Stations .....	\$ 2,079 07
RCAF Air Force Day .....	63 00
Sundry Personnel .....	495 20
	<hr/>
	2,637 27

##### *Interest:*

Bonds .....	15 00
Bank (Overseas) .....	68 93
Loans .....	18 58
Sale Agreement .....	92 68
	<hr/>
Loan Repayments .....	195 19
Sale Agreement on account of Principal .....	4,576 95
	<hr/>
	150 00
	<hr/>
	\$ 107,829 80
	<hr/>

##### CREDIT:

Grants .....	\$ 11,089 25
Loans .....	13,789 37
Expenses .....	205 10
Travelling Expenses .....	30 08
Salaries .....	1,000 00
Transfer from Contributions to Bank Interest (Overseas) (see above) .....	68 93
	<hr/>
	26,182 73

Cash on hand as of November 30, 1946:

Savings Account No. 270 .....	\$ 53,342 79
Deduct Current a/c overdraft .....	3,618 20
	<hr/>
Overseas (30th Sept./46) .....	49,724 59
Provincial Imprest .....	4,551 94
Petty Cash .....	27,360 54
	<hr/>
	10 00
	<hr/>
	81,647 07
	<hr/>
	\$ 107,829 80
	<hr/>

## CANTEEN FUNDS

137

## REVENUE ACCOUNT

Interest Collected (including Overseas \$68.93) .....		195 19
<b>Less:</b>		
Expense of Administration—		
Salaries .....	1,000 00	
Sundry (include travelling \$30.08) .....	235 18	
Deficit carried to Fund Account....		\$ 1,235 18
		<u>\$ 1,039 99</u>

## FUND ACCOUNT

As at November, 1, 1946.....		3,144,737 25
Add: Contributions.....	2,637 27	
Less: Deficit carried down.....	1,039 99	
	1,597 28	
Add Grants made during month..	11,089 25	
Overseas Interest adjustment.....	68 93	11,158 18
Total Deficit for the Month..		9,560 90
		<u>\$3,135,176 35</u>
<b>Add:</b>		
Special donation held in trust.....	1,000 00	
RCAF Overseas—Suspense Account.....	385 92	1,385 92
As at 30th November, 1946.....		<u>\$3,136,562 27</u>

Accounted for as follows:—

Cash in bank on hand.....	81,647 07	
Bonds (including £4000 U.K. at par \$4.02)..	2,935,588 00	
Sale Agreement—Donated Property.....	36,470 00	
Loans .....	82,857 20	
		<u>\$3,136,562 27</u>

## STATISTICS FOR THE MONTH

		No. of Cases
Loans as at November 1, 1946.....	\$ 73,644 79	1010
Loans made during month.....	13,789 37	155
	<u>\$ 87,434 15</u>	
<b>Less:</b>		
Loans Repayment.....	3,167 04	106
Loans converted to Grants.....	1,409 91	26
Loans at 30 November, 1946.....	82,857 20	
Grants Made.....	<u>\$ 11,249 77</u>	84
Other action taken (mainly with Government agencies) .....		22
Total dealt with.....		393
Cases Current.....		994
Decrease in Fund.....	9,560 90	

J. C. CARROTHERS, F/O,  
*Treasurer.*



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SESSION 1947  
HOUSE OF COMMONS

-47C12

SPECIAL COMMITTEE

ON

# CANTEEN FUNDS

MINUTES OF PROCEEDINGS AND EVIDENCE

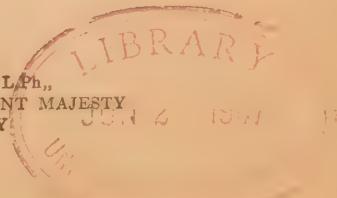
No. 6

MONDAY, MARCH 31, 1947

## WITNESSES:

Admiral Percy W. Nelles, C.B., LL.D., R.C.N. (Retired), President, Lieutenant (S) C. W. Primeau, R.C.N. (R), Secretary-Treasurer, and Mr. C. W. Hobson, Director, Canadian Naval Services Benevolent Trust Fund; The Hon. Senator Norman McL. Paterson, Hospitaller and Almoner, and Mr. C. A. Gray, Sub-Prior, St. John Ambulance Association; Colonel A. W. O. Stewart, President, Regimental Funds Board, Department of National Defence.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1947





## MINUTES OF PROCEEDINGS

MONDAY, March 31, 1947.

The Special Committee on Canteen Funds met at 11.00 o'clock a.m., the Chairman, Mr. L. A. Mutch, presiding.

*Members present:* Messrs. Benidickson, Cleaver, Cockeram, Cruickshank, Dion, Emmerson, Fulton, Harkness, Lennard, Mutch, Probe.

*In attendance:* Admiral Percy W. Nelles, C.B., LL.D., R.C.N. (Retired), President, Canadian Naval Services Benevolent Trust Fund; Lieutenant (S) C. W. Primeau, R.C.N. (R), Secretary Treasurer, and Mr. C. R. W. Hobson, Director, Canadian Naval Services Benevolent Trust Fund; The Honourable Senator Norman McL. Paterson, Hospitaller and Almoner, and Mr. C. A. Gray, Sub-Prior, St. John Ambulance Association, Colonel A. W. O. Stewart, President, Regimental Funds Board, Department of National Defence.

Admiral Nelles, Lieut. Primeau and Mr. Hobson were called, heard, questioned and retired.

Colonel Stewart was questioned.

Senator Paterson and Mr. Gray were called, heard, questioned and retired.

At 12.55 o'clock p.m. the Committee adjourned to meet at the call of the Chair.

A. L. BURGESS,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

House of Commons,

March 31, 1947.

The Special Committee on Canteen Funds met this day at 11 a.m. The Chairman, Mr. L. A. Mutch, presided.

The CHAIRMAN: We are honoured and fortunate this morning in having with us Admiral Nelles of the R.C.N., retired. He has with him two other gentlemen, Lieut. C. W. Primeau and Mr. C. R. W. Hobson, who are associated with the admiral in the administration of the navy fund. In accordance with our practice I think we will eliminate any discussion by the committee at this stage and begin by inviting Admiral Nelles to tell us what he has to say about the set-up and administration of the navy benevolent fund. I should like to say to you that as far as the committee is concerned if you prefer to do so we would be very happy to have you sit while you talk to us, but if you are more comfortable standing you may do so. I should like to ask one thing. Do you prefer to complete your statement before having the committee question you or do you mind if they interrupt you as you go along on any points that are not clear?

**Admiral Percy Nelles, C.B., R.C.N. (Retired), called**

The WITNESS: Certainly not. I will endeavour to tell the truth.

The CHAIRMAN: We do not put you on oath when we bring you here. Most of us have had happy associations with your branch of the services. We will just assume the honesty of your intentions and of the facts.

Mr. LENNARD: After all, nobody is on the witness stand. We are merely asking these gentlemen here to become a bit better acquainted with their methods of administering their fund so that we may be better equipped to study what we wish to do. That is my interpretation. As far as I am concerned nobody is going to be put on the griddle.

The CHAIRMAN: Mr. Lennard, as usual you have said what I was trying to say better than I could. Admiral Nelles said jocularly that he would try to tell the truth and I said we assumed that from his branch of the services.

The WITNESS: Mr. Chairman and gentlemen: I have had prepared for me a statement which I think I had better read rather than say. I give you fair warning it will take approximately half an hour. If you will bear with me for half an hour I will do my best, but if you prefer not to then I suggest you ask questions.

1. In 1942 it became apparent that personnel of the navy who had served or were still serving were sometimes faced with urgent financial difficulties for which assistance was not readily available. There were and are, of course, many social as well as federal, provincial and municipal agencies to which citizens may apply for specific help. However, many cases fall outside the scope of these agencies and many others never reach the authorities concerned.

2. Ratings and officers, who had seen or heard of cases of hardship, began, in conjunction with their canteen representatives, to plan the establishment of a fund for the purpose of providing relief in financial emergencies.

3. Following many months of consideration and discussion, order in council P.C. 42/10672, of November 23, 1942, was passed authorizing the establishment of a trust under the title of Royal Canadian Naval Benevolent Fund. The purpose of the fund was to relieve distress of personnel of the Canadian naval forces, both before and after discharge and of the needy dependents of all deceased ex-members of the naval service.

The trustees were:—

The Deputy Minister of National Defence for Naval Services.

The Vice Chief of the Naval Staff.

The Chief of Naval Personnel.

A member of the financial branch of the naval service nominated by the deputy minister.

The secretary of the naval board, and, after hostilities, a representative of discharged members of the naval service.

4. Twelve meetings of the trustees were held between the 18th January, 1943, and the 5th July, 1945. During this period many cases of hardship and suffering were brought to the attention of the fund and received assistance. From the experience gained in dealing with these cases, the benevolent policies of the fund began to take shape. The fund got its original financial start by receiving the sum of \$17,562.85 representing the residue of the 1914-1918 prize fund and about \$3,000 from other sources. As the work of the fund became better known, contributions were received from canteens, wardrooms and sources outside of the service and by July, 1945, the assets amounted to \$276,902.25.

At several of the trustee meetings, representatives of the various canteen committees attended upon invitation to discuss the future operations of the fund and its policies and to present the lower-deck viewpoint. The canteen committee representatives, in presenting the views of the enlisted personnel, strongly urged that the fund be incorporated under the Dominion Companies Act, in order that the administration might be divorced from the naval service headquarters or any government department.

That was the request from the men's canteens.

It was apparent that only by incorporation could all doubts and suspicions be removed and the complete support and confidence of the lower-deck and canteen committees be won.

It was decided to proceed with incorporation under the name of the Canadian Naval Service Benevolent Trust Fund. The various canteen committees through their elected representatives nominated members for the new fund, and made recommendations re the election of officers and directors, policies and administration.

The Canadian Naval Service Benevolent Trust Fund was incorporated under Dominion Charter on July 4, 1945, for the purpose of relieving distress and promoting the well-being of members or ex-members of the naval forces of Canada or of their dependents.

The fund is administered by fifty voting members, of which thirty are members or former members of the naval service, chosen from all ranks by canteen committees, and twenty are prominent civilians whose record in business, industry and public service and whose interest in the navy and naval personnel guarantees a healthy administration.

The thirty members nominated by representatives of canteen committees were elected in the proportion of 22 reserves or ex-reserves, 3 Wrens or ex-Wrens and 5 permanent force, and are representative of all provinces in the dominion.

The fifty voting members correspond roughly to shareholders in a business corporation. They are appointed for life and are removed only by resignation, death or majority vote of the other members for just cause. The members meet annually to appoint auditors, elect from their own numbers twelve directors

to govern the affairs of the corporation between annual meetings, receive the auditors financial statements and review the administration of the fund since the last meeting.

The directors meet as frequently throughout the year as is deemed necessary and appoint an executive committee composed of five directors and officers of the company to manage its affairs.

The officers of the company include a president, three vice-presidents and a secretary-treasurer.

The executive committee, by authority vested in them under the by-laws, have appointed a Central Claims Committee of seven persons to review all applications for assistance. The Central Claims Committee is composed of persons having sufficient time to devote to this detailed work and having experience in welfare work. Four of its members are civil servants and three are naval personnel. This committee has authority to approve assistance up to \$300 and to recommend to the executive committee on applications for assistance in excess of that amount. The decisions of the Central Claims Committee are reviewed by the executive committee, and are sometimes turned down.

Generally speaking, assistance from this fund is intended to help distressed applicants to solve their own problems and to attain a sound financial position which will enable them to carry on without further aid from the fund. It is not intended that assistance from this fund should replace assistance normally received from federal, provincial, municipal and private welfare agencies, but rather that it should supplement that assistance. Members and former members of the naval service and their dependents are entitled to benefits and aid from established welfare agencies as citizens and veterans. In addition they are eligible for aid from this fund if they are in need. This fund was created by naval and ex-naval personnel for naval and ex-naval personnel and is administered by themselves and their own elected representatives for their own benefit.

It follows, therefore, that in order to avoid overlapping with the work of other agencies and due to the limited funds available there are certain types of distress which the fund cannot relieve nor was intended to relieve.

The fund cannot offer continued support to any applicant. It cannot provide an income for those who are without income, nor can it supplement the income of those who consider their income inadequate. There are no pensions or monthly allowances awarded.

*By Mr. Probe:*

Q. You mean by that there are no educational grants or grants to widows?—  
A. I can think of only one instance of an educational grant being given. That was for a definite sum to allow an individual boy—I think one might describe him as mentally deficient—to achieve an education.

The justice and necessity of this policy are obvious. There are existing agencies federal, provincial, municipal and private whose purpose it is to award pensions and allowances and whose responsibility it is to care for indigents. The amount of money at the disposal of this fund is altogether inadequate to undertake this type of relief and it would be unfair to the majority of those who created the fund and untrue to its real purpose.

For obvious reasons, the fund cannot, and was not intended to, relieve business distress or financial embarrassment, loan money or otherwise assist in setting veterans up in business, solve the housing shortage by loaning or giving money for the building or purchase of homes or furniture or paying off mortgages on loans obtained for this purpose.

The type of distress which the fund can and does relieve is distress arising out of unusual and unforeseen circumstances resulting in actual hardship and

deprivation. Debts caused by sickness and accident or the need for medical attention is the best example of this type of distress and by far the most common. It is not by any means the only type of distress which the fund is prepared to relieve and it would be impossible for me to enumerate or for any one to visualize the varied circumstances which could and do result in hardship and suffering. For that reason it is impossible and undesirable to lay down any hard and fast rules as to what does and does not constitute distress and what aid can be given. Each application must be dealt with individually on its own merits. The facts to be decided in reviewing an application are:—

- (1) Is the applicant eligible? The applicant must be a member or former member of the navy or a dependent of either.
- (2) Is there any actual hardship, suffering or deprivation, or is it merely temporary financial embarrassment such as we all experience at times?
- (3) How was the distress brought about? Is it a reasonably deserving case?
- (4) Is the applicant making reasonable efforts to solve his own difficulties? Are his income and resources adequate to enable him to meet his obligations?
- (5) Is the applicant entitled or eligible for aid from other agencies?
- (6) Is it a type of distress which the fund can relieve, having in mind that a precedent will be established and other applicants in similar circumstances will be entitled to the same aid?

There is no distinction made between those who have served at sea, overseas or only in Canada. Nor is there any distinction between those persons still serving and those discharged, or between permanent and reserve forces. The psychology of naval personnel with respect to overseas and service in Canada only in somewhat different to that which you may find in the other services. All who served served voluntarily and served where needed, whether at sea or on shore, and whether overseas or in Canada.

Persons eligible for assistance are as follows:—

- (1) Members of the Canadian naval forces presently serving.
- (2) Former members of the Canadian naval forces.
- (3) Dependents of either members or former members.
- (4) Widows and other dependents of deceased personnel.

There is no difficulty experienced in determining the eligibility of the first two classes. There sometimes is great difficulty in determining the eligibility of the dependents. Once again it is difficult and possibly undesirable to lay down too rigid a ruling and each case must be decided on its own merits.

I have already described the corporate organization of the fund and in doing so dealt, to some extent, with the administration of the fund. You will recall that the fund is administered by 50 voting members who appoint 12 directors annually to govern the affairs of the corporation between annual meetings, that the directors appoint officers and elect an executive committee to manage the affairs of the company, and a central claims committee to review applications for assistance.

I feel it would be helpful to you if I now briefly mention the procedure followed in making application and investigating claims.

Serving personnel apply to their own canteen committee, that is to say, the canteen committee of the ship or establishment in which the applicant is serving. The committee have a supply of application forms and will assist the applicant in filling in these forms. The committee is usually composed of 2 or 3 ratings and possibly one officer. This committee then conducts an unembarrassing investigation to verify the information concerning the applicant's financial position and distressful circumstances. All information is treated with the strictest confidence. If the circumstances are very complicated and the guidance of an experienced welfare worker is desirable, the committee may refer the appli-

cation to the local welfare bureau or Children's Aid Society. The investigator places his suggestions on the form and certifies that facts have been verified to the best of his ability. The canteen committee places its recommendations on the form and the application is forwarded to the head office in Ottawa.

If the applicant is a former member, he may apply to the canteen committee of the nearest naval division or base to which he resides, or he may apply to the head office of the corporation, or he may make application through any social or welfare agency, such as the Children's Aid Society, Family Welfare Bureau, Canadian Legion, etc., etc. These agencies have literature on the fund and are in a position to counsel and guide the applicant. Dependents of deceased personnel or of personnel physically or mentally incapable of making application for themselves may apply in the same manner as discharged personnel. Generally speaking, application from dependents direct will not be entertained unless the serviceman is deceased or unable to apply himself. The reason for this is obvious. Dependents are eligible only through the serviceman or ex-serviceman and it is undesirable that assistance should be granted in the name of the serviceman or ex-serviceman to persons claiming to be his dependent without his knowledge or consent.

I feel that one of the major problems which will have to be decided in setting up the army fund is the question of centralized or decentralized administration and control, and I should like to give you the benefit of our experience in this respect. The Naval Benevolent Fund is administered centrally and the following are a few of the reasons why we feel that centralized administration is preferable.

In the first place, it enables a more adequate control of the funds and ensures that they will not be dissipated or expended improperly. The voting members, directors and officers are charged with the responsibility of administration and seeing that the funds are used for the purposes intended as set forth in the charter and by-laws of the corporation.

A second and very important advantage is that it ensures a uniform policy and treatment to all those persons eligible. It is impossible to foresee all the varied circumstances in which a distressed applicant may find himself. Very seldom, if ever, are there any two cases exactly alike and it is not possible, therefore, to lay down in a handbook or manual a policy that would adequately guide sub-committees or chairmen in making a decision which would guarantee the same treatment to everyone.

It enables the handling of claims in the most expeditious and efficient manner. It may be thought that the necessity of forwarding all claims to Ottawa for decision will cause delay and involve so called red tape. Actually this is not a fact. The Central Claims committee meets twice in each week, Tuesdays and Fridays. The maximum delay in head office pending decision is therefore not more than 3 days and decisions are generally communicated to the applicant the day following decision. If cases are more urgent, they receive immediate attention without waiting for the next regular meeting.

All funds of the corporation are maintained in Ottawa. It may be suggested that it would be desirable to have an instant fund in the hands of field representatives for emergency use. This, however, has not been found necessary. Canteen committees, acting on behalf of the fund are authorized to loan from their own moneys up to \$150 in an emergency. Such action would only be taken where the distress was so urgent that communication with head office by air mail letter, cablegram or telephone would not suffice, and it is very rarely that such circumstances are found. Let me give you an example of the speed with which we act in an emergency.

A week ago last Sunday afternoon, the secretary-treasurer received a telephone call at his home. The party calling was the sister of a naval rating serving at Esquimalt, B.C. The lad's mother was in hospital in Ottawa dying

from cancer and was expected to live only a day or two and was calling for her son. The rating had been notified by his family but could not come to Ottawa in time unless money was provided to enable him to fly. The secretary obtained all necessary information over the telephone, confirmed the circumstances by a telephone call to the attending physician, obtained necessary approval and within 15 minutes from the receipt of the first telephone call a signal had been dispatched to H.M.C.S. *Naden* to advance the applicant the necessary funds and assist him in his travelling arrangements. Within two hours from receipt of the first telephone call, the secretary was advised by signal from *Naden* that the money had been advanced, reservations obtained and that the applicant would leave by plane at 5.20 that evening. I could quote you many such instances and use this one only because it is the most recent. Actually, it would have been in order for the canteen committee to advance the necessary funds without approval. I think that is an ideal example of what is considered an urgent request. Had the applicant been in a location where there was no division or base, the same action would have been taken, only the money would have been telegraphed from Ottawa through the Canadian National or Canadian Pacific Telegraph Company.

A matter of major importance in the formation of policies of a benevolent fund is in my opinion the method of obtaining the sentiments of the persons for whose benefit the fund was created. The administration should not be in any way bureaucratic, but must give expression to the opinions of those most vitally interested. Although the benefits of the naval fund are available to both officers and men, it is found that well over 99 per cent of applications received are from lower deck personnel serving or discharged.

The fund was incorporated at the suggestion of the lower deck and its members were elected by the lower deck. The members, therefore, represent the views of the lower deck. All but two or three of these members are now civilians, and although some of them have held commissioned rank in the navy, that is neither here nor there. The important thing is that they were freely chosen by the lower deck through their canteen committees.

The canteen committees met in Ottawa at the time of incorporation and expressed their views with regard to policies of the fund. Canteen committees also express the sentiments of personnel presently serving by correspondence with the officers and directors of the corporation and also through their recommendations contained in applications which they have investigated and submitted as field representatives of the fund. Ex-Yeoman of Signals, C. R. W. Hobson, who is a director of the fund, and the secretary-treasurer of the fund have visited all ships, bases and divisions from time to time and he is here for your help and mine. While on such visits they have spoken to canteen committees and direct to the men in their messes and clubs and individually. As well as acquainting the men with the policies and progress of the fund, they have brought back each time to the directors the views of the lower deck and many valuable suggestions. Occasionally, canteen committees will and do send representatives to Ottawa to exchange views.

#### *Financial Position and Plans for the Future.*

The sum at the disposal of the fund as at December 31, 1946, the end of the corporation's fiscal year, amounted to \$925,972.68, according to the auditor's statements.

Total contributions received up to December 31, 1946 (including contributions received by the former Royal Canadian Naval Benevolent Fund and turned over to the Canadian Naval Service Benevolent Trust Fund upon incorporation) amounted to \$951,697.56. All contributions have been received voluntarily. There has been no compulsion or pressure exerted upon any canteen or person to contribute to the fund. Of the total contributions received, canteens con-

tributed approximately \$515,380.00 or 54 per cent, wardrooms officers messes \$26,220.00 or 3 per cent, and contributions from other sources amounted to \$410,000.00 or 43 per cent of the total.

Contributions from other sources include those from private individuals and companies, patrons of the fund, clubs, societies and others interested in the work which the fund is carrying on (approximately \$40,000 or better than 5 per cent of total contribution). The largest contributions from other sources are those from the Navy Show \$289,887.25, the R.C.N. Film Society \$50,000 and the 1914-1918 Prize Fund \$17,562.85. (These amount to about \$357,000 or 37½ per cent of total contributions.) Other contributions include those received from service organizations amounting to \$13,200.07 or 1 per cent of total contributions.

Our present yearly income is approximately \$27,000, and our expenditures for the first two months of this year amounted to \$7,000.

*By Mr. Cockeram:*

Q. That includes distribution?—A. That was as a result of distributions.

Q. That is not administrative?—A. No, the administration amounted to practically nil, thanks to the navy. In fact, I think our only administrative fees are stamps, and the auditors; we have to pay them a reasonable fee I should think.

The CHAIRMAN: Who are the auditors?

Lieutenant PRIMEAU: Macdonald, Currie & Co., chartered accountants.

The WITNESS: It will be noted from the foregoing figures that the sum at the disposal of the corporation as at the end of the last fiscal year was less than the total contributions received up to that date by \$25,724.88. This represents the amount by which the fund's expenditures for the relief of distress have exceeded the fund's interest earnings. It is hoped that the fund can be built up to proportions whereby the benevolent activities of the corporation can be met out of interest earnings. As you can see this has not been achieved as yet. There is no provision in the charter or by-laws as to the length of time the fund is to be maintained or whether it is to be maintained in perpetuity. The policy of the fund is simply this—the purpose of the fund is to relieve distress and promote well-being. As long as there is distress and the need for promotion of well-being, the fund will continue to carry out its purpose in a sane, reasonable and business-like manner. The fund will not ignore distress or the need for assistance on the part of those eligible by reason that the interest earnings for the year have been expended and it is not desired to go into the capital. On the other hand, the fund will not recklessly spend moneys in an endeavour to use them up in any stated period, such as when all men who served in the war just ended are deceased. The fund is open to all who served in the navy before the second world war as well as those who served during hostilities, those who still serve and those who will serve in the future. Although the greater proportion of the fund's assets were derived from canteens, wardrooms, etc., of personnel who served during hostilities, it must be recognized that the fund got its original start from the 1914-18 Prize Fund, that a considerable proportion of the funds were received from patrons and others interested in the navy and the welfare of naval and ex-naval personnel and that those still serving have and are continuing to support the fund by voluntary contributions.

The fund has not yet been operating for two full years and it is too early to predict its future revenues and expenditures. This is especially true in view of the unstable economic conditions existing today. Demands on the fund have shown a steady increase up to the present time. This has been brought about in part by the fact that the fund is becoming better known day by day, both because of publicity obtained in magazines, newspapers and over the radio

and because of the splendid work which the fund is doing. The increase is also attributable in part to the fact that many persons who have been discharged in the last year or two are not yet over the hump in their rehabilitation problems.

In framing its recommendations re the disposal of the army fund, this committee will, I think, have to consider the nature of assistance to be given; whether assistance is to be in the form of a grant or a loan, or a combination of the two. And I am going to quote our experience in one or two instances.

The original policy of the Naval Benevolent Fund was that assistance would be given as a loan or a grant depending upon the applicant's ability to repay. It was felt that assistance in the form of a loan was preferable to assistance in the form of a grant, because a loan would help to preserve the applicant's self respect and initiative and would also help to conserve the corporation's resources in order that the greatest number of those eligible might be aided to the fullest possible extent.

From the experience gained in the first year of operations, it became apparent that these purposes were not being achieved in the majority of cases where loans were made. The high percentage of loan accounts which it was necessary to write off as uncollectable indicated that loaning money was not a successful means of conserving the corporation's funds. This is especially true when it is realized that in many cases loans are made where outright grants would be refused and that many loans are not collected.

*By Mr. Probe:*

Q. Have you any percentage figures on that?—A. I do not know any percentage figure. Have you got that, Lieut. Primeau?

Lieutenant PRIMEAU: No, I have not.

The WITNESS: Could you supply it?

Lieutenant PRIMEAU: We could supply them, yes.

Mr. PROBE: I wonder if you could give the committee just a rough approximation.

The WITNESS: The secretary certainly could, at some future date, if you do not mind waiting.

*By Mr. Cleaver:*

Q. Did I understand you correctly, Admiral Nelles, that loans would be made for purposes for which grants would be refused?—A. No.

The CHAIRMAN: Did you not say that sometimes you would make loans?

*By Mr. Cleaver:*

Q. Were you freer to make loans than grants?—A. Yes, we were.

Q. Then, I take it from that, that on borderline cases where a grant might be refused you still might make a loan?—A. That is what I meant.

Q. So that in some instances you would make loans for appeals which you would not make grants?—A. Where it was a borderline case, we gave it the benefit of the doubt and said yes. It just does not work; at least, that is our experience.

*By Mr. Fulton:*

Q. Did I understand that was your experience at first, but that policy has been changed?—A. It has been changed in that now we are not making any more loans than we absolutely have to. We are making them all grants because it is not worth our time to try and collect the money and it is very bad for the poor chap who has the money but is hard up. He does not like to be pressed and we do not like to press him, either.

The WITNESS: Our experience has shown that applicants requesting loans can be divided into three categories.

First, we have those persons whose financial position, that is collateral and earning ability, is such that a grant should not be needed to solve their difficulties. They are financially embarrassed and possibly temporarily in distress. A loan is the appropriate form of assistance. But that in our opinion is the business of banks and loan companies. It is a straight business proposition and not a charitable or benevolent matter. The purpose of the Fund is not to compete with banks or loan companies and such persons should be advised to obtain the necessary funds through ordinary commercial channels. The interest charges are not so high, even in the case of personal loan companies, that they would cause distress. If the applicant has a reasonable prospect of making repayment he can obtain the loan through commercial channels and if he can repay the principal he can certainly repay the interest. Our funds must be conserved to help those who cannot solve their own difficulties in this reasonable manner.

Secondly, we have those persons whose financial position and earning ability is such that they can not obtain credit from financial or commercial institutions and who cannot honestly expect to repay the Fund in a reasonable time. Such persons often apply for a loan rather than a grant because they think their request would have a better chance of succeeding. Or it may be that a sense of pride and independence causes them to apply only for a loan.

Making loans to such persons does not relieve their distress. Very little is gained by trading one creditor for another. This assistance will cause embarrassment to them later on when they find they are unable to keep up their payments. In the vast majority of cases they fail to advise the Fund of their further distress and it is difficult to even get a reply from them. It causes much unnecessary work for the Fund and increases administration expense and staff problems. Certainly it can hardly be said that the applicant's pride and self respect has been preserved. In fact quite the opposite is true. Their self respect has been injured. By requesting a person to pay back that which he is unable to repay you leave him with a sense of having failed, and certainly the corporation's funds are not thus preserved. Almost all of such accounts have to be written off and what little is paid back is repaid only at the cost of deprivation to the applicant which defeats the purpose of the Fund in relieving hardship and suffering.

And in the last category, we have those persons who have no intention of repaying the assistance regardless of their ability to do so. Usually these people apply for a loan rather than a grant because they realize that theirs is a borderline case. They ignore all collection letters and often move and cannot be traced. Obviously, it is not desirable to loan money to these persons and money thus dissipated could be used to help those cases that are truly deserving.

The following is a brief summary of the reasons why this fund altered its policy in regard to loans and discontinued assistance in that form:

- (1) Where a loan is a practicable form of aid, it can be obtained through commercial channels.
- (2) Where it is not a practicable form of aid it only causes embarrassment to the debtor and this Fund.
- (3) Loans are costly in administration involving extra bookkeeping, letter writing, etc.
- (4) Loaning money is primarily a business proposition not a benevolent function.
- (5) Loaning money does not conserve funds.

The CHAIRMAN: Gentlemen, you now have an opportunity to ask any questions you desire.

*By Mr. Cruickshank:*

Q. How is your money invested?—A. Government bonds.

*By the Chairman:*

Q. Federal bonds?—A. Federal bonds.

*By Mr. Cockeram:*

Q. You say you have an annual meeting in which 50 members are elected; how do you call such a meeting as that?—A. The meeting is called at the previous yearly meeting. Last September it was decided at the annual meeting that the next general meeting would be held the next September.

Q. Who receives the notice of such meeting and who can attend the meeting?—A. The 50 voting members of the Fund which of course includes the directors and officers and in addition any canteen can send its own representative as an observer. Such canteen representative, not being a member would not have a vote.

Q. In other words, the existing canteens can send representatives and out of these people who attend you elect those members?—A. No.

Q. The point I was trying to get at, if you have a vacancy, how is it filled? If you start off with 50 members, how is it filled unless you have other people coming in?—A. The directors fill the vacancies and, in some cases, we ask the canteen committees if they would like to suggest a person to fill the vacancies—I mean, if it happens to be someone from their area who falls out.

*By Mr. Cruickshank:*

Q. You say that the lower deck originally elected these men?—A. Yes.

Q. I presume they did that in any form they saw fit, by a vote of their members?—A. Yes.

Q. Do you receive many applications for help?—A. Thousands.

Q. Have you any idea, roughly, how many you would receive in a week or a month?—A. The secretary knows.

Lieutenant PRIMEAU: During this month, we received well over 100 applications. They have been coming in at the rate of 30 to 40 applications a week.

Mr. CRUICKSHANK: How many rejections would there be out of that number?

Lieutenant PRIMEAU: The rejections normally would be, I would say, possibly one-third. It varies from time to time. Lately, the rejections have been higher because we had a flood of applications following radio advertising. There was a broadcast during the course of the Imperial Oil hockey broadcast and whenever we have any publicity we get a flood of applications which are, to a large extent, frivolous and the rejections will be higher than the normal percentage. I would say, normally, there would not be more than 25 per cent rejected.

Mr. CRUICKSHANK: What would be the size of your average application for assistance, \$100 or \$200?

Lieutenant Primeau: It would run around \$100 to \$150. We do have the occasional large one when some great distress has been experienced.

Mr. HOBSON: The majority are for confinement cases and would run around \$100.

Lieutenant PRIMEAU: With reference to Mr. Probe's question on loans I do not know whether it will answer his question exactly, but here is some information taken from a report I made to the directors last fall which was the time when loans were discontinued. In my financial report at that time I pointed out we had 44 open loan accounts on our books. Out of these 44 there were 32 not being paid. Nineteen were absolutely bad, the debtors had either moved away and we could not trace them or they continuously ignored our letters. Thirteen of them were still corresponding with us, but it was

obvious that they were not in a position to repay the assistance. In some cases it was felt that they could, but they just would not. However, they would still write to us. Those 32 out of the 44 were bad. We had to write them off eventually.

This left 12 and of the 12 who were still paying, 8 were in the service. They had declared allotments. We never have any trouble with those cases because there is an allotment off their pay and there is nothing they can do about it. This leaves four. They were persons who were discharged and were still making payments on the due dates. Two of these people had only begun payments again after considerable letter writing. There were only two who were out of the service and who were making their payments regularly of their own accord.

Mr. PROBE: What did you do when there was a change of policy? Did you write those debts off?

Lieutenant PRIMEAU: No, we have not written anything off on the books unless the people were unable to pay or unless we could not trace them and there was no hope of getting the money back at all. This does not give you the percentage, but it gives you a rough idea of our experience in making loans.

Mr. CRUICKSHANK: Is there any appeal? Supposing a man applied for \$100 and he is rejected, can he reapply with further evidence?

The WITNESS: Oh yes, and if there are any changes in circumstances, we are more than happy to reconsider our decision.

*By Mr. Cruickshank:*

Q. What is the cost of the administration of the fund?—A. None, or hardly any.

Q. I am used to politicians and when they say practically none, it can mean quite a lot.—A. We have not spent any money on administration except for the stamps and auditors.

Lieutenant PRIMEAU: There is the odd time when we have to buy a rubber stamp.

Mr. CRUICKSHANK: You should not buy rubber stamps, you should come up to the Parliament buildings where you could get plenty of them. One of the branches giving evidence the other day said their administration cost was \$40,000.

The CHAIRMAN: The canteen fund of the first great war in Ontario gave us that figure.

Mr. CRUICKSHANK: I am not criticizing them, but they gave that figure.

Mr. BENIDICKSON: I was going to make this point, and it is not made in any critical way of the people who are on the central claim committee, but those people are employed by the government, is not that correct? I raise this point because some people think these funds should be all under government administration, and one of those funds giving administration of the most detailed kind, is paid for by the citizens of Canada.

The CHAIRMAN: I think Lieutenant Primeau is able to give you the actual administration figures.

Lieutenant PRIMEAU: These figures are quoted from the auditor's report for the year ending December 31, 1946. Under the heading "Administration Expenses" there is an item, directors' travel, \$474.80. I think that item needs explanation. The lower deck representatives, serving and ex-service are, of course, useless in expressing the views of the lower deck unless they can attend the meeting in Ottawa. Actually, we do find we have to help some lower deck rating or ex-lower deck rating who is living some distance away, to attend the meeting. Otherwise, attendance at the meeting would be limited to those

people have sufficient means. The total amount expended was \$484.80 to bring such persons to Ottawa to attend these meetings and to express the views of the lower deck.

Office expenses amounted to \$187.80. This includes excise stamps for our cheques which we issued, letterheads, receipts, cheques and miscellaneous items such as I have mentioned, rubber stamps and things of that nature. There was \$28.77 expended for insurance which is the premium on a fidelity bond to guarantee that the secretary-treasurer does not run off with the money. There was \$1,000 in professional fees for the auditors which includes the two years, that is the audit up to the end of the year 1945 and also for 1946. There is an item of \$36.98 which is miscellaneous and, offhand, I cannot say what that would cover.

Mr. CRUICKSHANK: I should like to go back to one point there, and I am not saying this in a critical way, but there was \$474 for travelling expenses. If my memory serves me correctly certain of the other funds in the service told us the men were allowed \$10 or \$20 a day for travelling expenses.

The CHAIRMAN: I think it is only fair to say that the regulations provided for that, but my recollection is that they had not drawn on it.

Mr. CRUICKSHANK: Wait until I have finished, I was going to say that they had not drawn it. I presume the lower deck means the same as a private soldier in the army?

Lieutenant PRIMEAU: Yes.

Mr. CRUICKSHANK: I happen to come from God's country, British Columbia, and I believe a lad coming from Esquimalt down here, should not pay his own expenses.

Mr. HOBSON: He does not.

Lieutenant PRIMEAU: These expenditures were for a member from Esquimalt to attend our meeting in Ottawa.

Mr. CRUICKSHANK: He is a very economical person if he can come away down here for \$474.

Lieutenant PRIMEAU: That covers his fare, hotel and meals.

Mr. CRUICKSHANK: If the committee man from Esquimalt or the canteen out there desires to send somebody to Ottawa, surely there is a fund to pay his expenses?

Mr. HOBSON: There is a provision that all members and directors who cannot afford it may draw money out of the fund.

Mr. CRUICKSHANK: You are from the lower deck, I understand, and you say, "If they cannot afford it". The money should be available and then if they do not want to draw it, like the millionaires we read of in this air force, they can do so. Any members of the ranks in Esquimalt should be able to come here.

Mr. HOBSON: They have that privilege. If they want to come, they can put in their expenses.

*By Mr. Benidickson:*

Q. How many times in 1946 did the group of fifty assemble?—A. Once.

Q. Can you tell us how many people attended that meeting of the fifty?

Mr. HOBSON: Thirty-seven.

*By Mr. Benidickson:*

Q. Thirty-seven of the official fifty?—A. As a guess, a rough approximation.

*By Mr. Cleaver:*

Q. Admiral Nelles, I understood that the grants are made from your benevolent fund to relieve hardship or distress, but not hardship or distress arising out of unemployment? Is that correct?

The CHAIRMAN: As such.

The WITNESS: I do not know whether I can answer that.

*By Mr. Cleaver:*

Q. I gathered from your remarks that you do not consider it—and I think quite rightly so—a duty of your fund to be an unemployment insurance fund?—A. We said we did not take the place of any other agency. We are supplementing.

Q. Would you care to express the main grounds on which you make grants? I gather that perhaps distress arising from illness or accident would be the main grounds?—A. I should think that is probably the main ground, childbirth or continuous sickness or illness.

*By Mr. Fulton:*

Q. I wonder if I could ask Admiral Nelles whether all the canteens and wardrooms, as you have the term, or messes do contribute now, all the continuing ones in your permanent establishment?—A. All have not contributed as yet, but it is not from any lack of letter writing on my part. It is voluntary.

Q. You made it clear there was no compulsion. I was wondering whether you could tell us whether the great majority had or what approximate percentage?—A. I would say the great majority have not up to date, but there are one or two individual messes and canteens which are particularly good and give us \$100 to \$150 say once every six months.

*By Mr. Probe:*

Q. It would also be correct to say that the greatest percentage of funds available now was raised during the war?—A. Almost entirely.

Q. Then, what provision is made, or what provision have you in mind to make for continued representation on your committee for those who served during the war but are no longer serving? That was covered in the brief, was it?

Mr. HOBSON: The members are elected for life.

*By Mr. Probe:*

Q. A self-perpetuating organization?—A. It is almost self-perpetuating.

*By Mr. Cruickshank:*

Q. I know they would not do it at Esquimalt, but let us say that a canteen at Halifax uses all their funds to build a bowling alley or a skating rink, for the sake of argument.—A. That is entirely up to them. The canteen funds belong to the men. They have nothing to do with the service or me.

Q. They can get full whack at those. By the way, are there any Wrens on this committee?—A. Three.

Mr. BENIDICKSON: I have just forgotten what the evidence was with respect to the army. If you remember it, Mr. Chairman, would you care to tell us at this point what is the situation now with respect to canteen fund profits in army messes of the continuing regular army? Are they under obligation to place their funds in the central canteen fund?

Colonel STEWART: No obligation at all since the end of last September.

*By Mr. Probe:*

Q. May I refer to the original fund? I do not mean the \$17,000 but the amount that was available when the private company was first incorporated. I recall that the \$515,000 was obtained from various active service groups. Was that done on a contribution basis or on a voluntary basis? I mean by that by a percentage of canteen receipts or was it all on a voluntary basis that the \$515,000 was received?—A. Entirely voluntary.

Q. And would you say that there was a percentage of the canteens or wardrooms, and so on, that did not bother to contribute, that felt no obligation to contribute during the war, or would you say that generally they helped?—A. I would say they generally helped. It goes almost entirely to the commanding officer of the establishment, or shall we say the energy of the head of the canteen. Most of those establishments, ships and naval officers associations to which I have written in an endeavour to get more funds have replied most sympathetically, but in a great many cases naturally they say "we are not yet organized and we will contribute when we can." That is the general view. It is very natural, but I want all I can get. That is all.

Q. With respect to the fact that the naval fund like the air force fund is a separate fund do you feel that the interests of naval personnel are best served by having a fund to which naval personnel themselves may apply rather than having a pooled fund for all services?—A. I would say undoubtedly.

*By the Chairman:*

Q. If the chair may be permitted a question, you have mentioned in your brief, Admiral Nelles, that your fund did not contribute except in one case to assistance for education. This committee has had extensive representations from various bodies and organizations suggesting that part of the canteen funds might be made available, as was the case in some provinces following the first great war, for assistance in education, particularly of the children of deceased veterans. The old canteen fund did it. I understand the R.C.A.F. fund does it. It is possible that this committee will recommend that the army canteen fund, in whatever form it is set up, should do that. Do you envision the possibility that the dependents of ex-R.C.N. personnel who have died in service, or in circumstances now where they cannot help themselves, will be at a disadvantage with respect to canteen funds as against the dependents of ex-members of the other services?—A. I do not know what the answer to that is. We have kept out of education because we have not sufficient funds to do that or to try to do it.

*By Mr. Probe:*

Q. But I trust not as a matter of permanent policy?—A. Not as permanent policy.

*By the Chairman:*

Q. What the committee fears is this, that three separate and distinct funds may lead to a situation where there may grow up as a result of different policies three different and distinct types of benevolence for ex-service personnel. The thought of the committee is, I believe—and it is mine, in any case—that ex-service personnel who have volunteered and served in any branch of the services might reasonably expect the same treatment.—A. From all three?

Q. From all three. Have you any thought as to how that type of difficulty might be overcome?—A. Surely by cooperation between the administrations of all three. I go, and my helpers go, and work with the air force benevolent fund. Surely to heaven we will with the army one if and when it is established. I suggest that by working together all policies will be kept more or less in line.

Mr. PROBE: You do not mean by that you are going to suggest and try to swing the navy's weight against the establishment of—

Mr. LENNARD: Oh no.

Mr. PROBE: I am asking the question. I am trying to be civil. Will you be civil, too?

The CHAIRMAN: Order, please, gentlemen.

Mr. PROBE: I have had enough of your butting in.

Mr. LENNARD: You may have more before you are through.

Mr. PROBE: All right. I am trying to be reasonably civil and I want you to be the same.

The CHAIRMAN: Please address the chair.

*By Mr. Probe:*

Q. The point I am trying to make is that here we will likely have three groups of funds. As a result of the policy expressed by one group of directors educational benefits are paid in necessitous cases. Another fund finds that it has not enough resources to make similar provision. I would hope that the directors of that fund, to keep the thing level in all services, would not use their influence to prevent assistance for education?—A. No, no.

*By Mr. Cruickshank:*

Q. What is your total strength?—A. At the moment?

Q. Yes.—A. I believe roughly 150,000.

Q. I have one other question. I think \$925,000 was the amount you quoted?—A. How much, \$25,000?

Q. \$925,000.—A. Yes, \$925,000.

Q. Who holds that money, the Receiver General?—A. The Bank of Montreal, Ottawa. It is in bonds.

Q. Held in trust?—A. In bonds.

Q. The reason I am asking that question is that I believe the air force one is held by the Receiver General in trust. Yours is held by the Bank of Montreal in trust, in bonds?—A. Yes.

*By Mr. Cleaver:*

Q. Admiral Nelles, did I understand correctly from your evidence that perhaps your expenditures to date out of the fund are double the amount you would receive by way of interest and current contributions?—A. The figures I quoted were that our interest from investments, etc., was roughly \$27,000 a year, and that in January and February, 1947, we had spent approximately \$7,000 a month.

Q. So that it would be no exaggeration to suggest that your current expenditures would be at least double your current receipts?—A. Double or maybe triple.

Q. That would account for the fact you do not feel able to enter the field of educational grants?—A. That is correct.

Q. Your grants to relieve hardship and distress you feel encroach on the fund quite as far as you dare encroach on it now and hope to maintain the fund with any permanence?—A. That is our feeling.

*By Mr. Cruickshank:*

Q. What is your per capita in comparison with the army and the air force, taking enlistments and the total amount of the fund?—A. I have not the faintest idea. I do not know what the army and air force have in enlistments.

Mr. LENNARD: We could get that figure.

Mr. CRUICKSHANK: I know we can.

The CHAIRMAN: The figures as we have had them so far are roughly \$1,000,000 for the navy for 150,000 possible beneficiaries, roughly 700,000 enlistments for the army with at least \$6,000,000, and around 300,000 in the air force with \$3,000,000. There is a considerable discrepancy in the ratio.

Mr. CRUICKSHANK: The figure quoted by the air force man the other day was 250,000, not 300,000.

The CHAIRMAN: The enlistment figure was 250,000, but you will remember that serving personnel in the R.C.A.F. without service continue to receive the benefits. You would have a potential permanent force to be taken into consideration. I gave round figures.

Mr. CRUICKSHANK: I know that we can easily divide it. I thought the figures were available. For the sake of argument let us say it would be \$250 by the simple method of division. I have a brilliant French secretary and she can divide it for me, but I thought the figures were available.

Mr. FULTON: May I ask a question with regard to the breakdown of this fund. Following the figures Admiral Nelles gave I was not able to find out what proportion or what figure was contributed during the war and what figure would have been received since the end of the war.

Lieutenant PRIMEAU: We have not that figure at all. We could work that out.

Mr. FULTON: I want to be fair but as I understand it you are much more concerned than the air force benevolent fund, at any rate, to preserve the fund in perpetuity? You are much more concerned with that aspect of it?

The WITNESS: I would be happier if it could be.

Mr. FULTON: After hearing the evidence you appeared to me to be more concerned to do that than the others, but that raises a question as to whether that is quite fair to those who contributed the bulk of the money which appears to have been raised during the war. That is why I would be glad if we could have that breakdown as to how much was contributed during the war and how much has been received to date?

The WITNESS: I think it can be secured after some work.

The CHAIRMAN: I think, gentlemen, there is a little difficulty here. Admiral Nelles has said there has been no element of compulsion even during the war on canteens to contribute, and that the navy canteens when they contributed to the benevolent fund during the war knew that they were contributing to an established fund. We have had no precedent in Canada for a situation like that. Most of us think of canteen funds in terms of what happened at the conclusion of the first great war when all of the canteen funds were taken over to be used for the benefit of those who created the funds, and they were mainly army funds at the end of the first great war. On the other hand, this fund which we are now discussing has come into existence just recently. I make that statement because I do not think the comparison offered is a fair one. I think the case of this fund is a little different from the others and that members of the committee should have that in mind when considering it. I am asking a question rather than making a suggestion. Is not that the distinction to be made with respect to this fund, Admiral Nelles.

The WITNESS: I am afraid I did not hear your question.

The CHAIRMAN: I say that the assumption is that the funds raised by the navy canteens during the war were raised for a specific fund and that they continued to contribute and that they realized that they were contributing to a navy benevolent fund rather than building up a fund which would be used for the benefit only of those who served during the war.

Mr. CRUICKSHANK: That is not according to the evidence we had in 1942.

The WITNESS: May I suggest that perhaps Mr. Hobson could tell us more about that as he had to do with canteens.

The CHAIRMAN: We will be glad to have him tell us.

Mr. HOBSON: The canteens contributed to this fund with the understanding that it was to be a perpetual fund for the benefit of members of the Canadian navy. At least, that was the viewpoint when I was directly connected with it.

Mr. FULTON: So it would be correct to say that what you are doing is building up a permanent fund?

Mr. HOBSON: A permanent fund, yes.

Mr. PROBE: Along with that you would consider some policy for replenishing that fund periodically. It was not a fund which was built up for the benefit of those who served in, shall I say, the temporary navy, during the five or six years of the war, as was the case in the other branches of the service?

Mr. HOBSON: Well, we have taken 10,000 into the navy since that time, and I understand there have just been another 1,200 taken on.

Mr. PROBE: Then I take it this fund is largely for the benefit of the active navy to be used wholly for the benefit of members and ex-members of the permanent naval force.

Mr. FULTON: Could we have a statement showing what contributions you are now receiving and what you have been receiving since the war?

Mr. HOBSON: I do not think that would be fair. The navy has been in a state of chaos since the war anyway; at least, the ships have been decommissioned and the number of stations has been changed and reduced.

The CHAIRMAN: Now you know.

The WITNESS: May I say the situation has been rather complicated since the war. For instance, when we took over the fund and held our first annual meeting we had X-thousand dollars in our fund. When I took over as head of it, I went to the treasury officers in the naval department and said to them: what about the money held for naval use? A fund had accumulated there of over \$300,000. We got from that fund the amount I indicated to you in my statement, \$289,000-odd. That amount was released to us in October of this year from the Navy Show. That had formerly been held by the treasury but since the war it has been turned over to us. I may say that they still have some \$36,000 which they are holding against contingent claims.

Mr. LENNARD: Pardon me, sir; why do they hold back that \$36,000.

The WITNESS: They held that back because of possible contingent claims arising from travel or other expenses in connection with the Navy Show. There are still items of expenses which may crop up.

Mr. CRUICKSHANK: May I ask Mr. Hobson this: This fund was unquestionably built up largely from what we might call the temporary naval ratings, those who served, the majority of them serving five years or thereabouts. Do you not think that should be equally distributed among the regular navy personnel? Is it not fair that at Esquimalt, Halifax and the other canteens they should be by compulsion compelled to pay a certain percentage of surplus funds into this fund? I understand they are not compelled to do that and have not been.

Mr. HOBSON: That is right.

The CHAIRMAN: May I ask members if they would be good enough to speak one at a time so that the reporter will be able to get down what they say?

Mr. COCKERAM: Outside of the Navy Show are there any other funds which will come in?

The WITNESS: I hope so, yes. We have some \$62,000-odd.

The CHAIRMAN: Yes, the figure is \$62,591 held in trust for the navy by the regimental funds board.

The WITNESS: Now, that question was asked of our minister in the house the other day.

Mr. CRUICKSHANK: Might I ask a question about canteens and their equipment at such points as Esquimalt, Halifax and the larger naval establishments? For instance, let's take Cornwallis. When the stuff was sold there did the canteen fund, your fund, get the benefit of the proceeds of that sale?

The WITNESS: So far as I know that all went to War Assets.

Mr. CRUICKSHANK: That is what I was trying to get at. Those birds at War Assets get everything. What I want to know is if and when the stuff was sold for the navy, the equipment of the canteens, recreation rooms and so on at Cornwallis, taking that as an example, did any of that come back and go into this navy fund?

The WITNESS: I do not know. Mr. Hobson could tell you more about that.

Mr. HOBSON: All the furniture and so on purchased by the canteens for use at Cornwallis, for instance, was sold at a fair price and the money was turned over to this fund.

Mr. CRUICKSHANK: That is all right.

Mr. FULTON: I would like to ask this question: would it be possible to supply figures, approximate figures, as to the amount of contributions you received from permanent messes and canteens since the war?

The WITNESS: We would have to take a little time to dig that up for you.

Mr. HOBSON: I could give you the general amount if that would suit your purpose.

Mr. FULTON: May I ask what the practice is and will be with respect to contributions to this fund; will they be contributing once a year, or do they contribute so much a month?

The WITNESS: There is no understanding. It is entirely voluntary. They do it as and when the officer commanding draws their attention to it, or as and when an energetic canteen head thinks they have sufficient funds so to do.

Mr. BENIDICKSON: So that if they have no sympathy with this fund they can retain their earnings and use them to the benefit of a particular mess?

The WITNESS: Definitely.

Mr. CRUICKSHANK: The air force and the army were both much larger branches of the service than the navy, possibly they consumed more beer.

The WITNESS: The term canteen, Mr. Cruickshank, does not necessarily mean drinking beer.

Mr. CRUICKSHANK: What is that?

The WITNESS: Canteen does not necessarily mean beer; it may mean swimming suits, basketballs or any other thing.

*By Mr. Probe:*

Q. How many canteen committees are there now in existence in Canada? Suppose you receive an application for assistance at Esquimalt, then a man applies there to the canteen committee; but I am from the prairies and I know that there are no canteens there or no canteen committees, to whom does one apply?—A. Every volunteer reserve division throughout the country, and there are twenty-two of them, has its own canteen committee, and every ship has its canteen committee.

Q. That is to say any discharged person who wanted relief, who was in circumstances of necessity, if he were not in the vicinity of one of these canteen committees he would go to the Legion, or someone else, and they would act for him?—A. They would direct him to us.

*By Mr. Fulton:*

Q. I was not here in the early part of the meeting and maybe the question I am asking is already covered by the brief. Do you make distributions through your branch offices?—A. We have no branch offices at all, other than the service canteens, but every welfare agency throughout the country cooperates and they act for us in places where there are no volunteer reserve centres.

Q. Can you tell me what facilities are available if a person wants assistance?—A. The Children's Aid, your local welfare societies, and the Legion.

The CHAIRMAN: Gentlemen, Admiral Nelles has been very patient and very helpful this morning. We have another delegation which will take a few moments.

Mr. CLEAVER: I wanted to ask a couple more questions on education, Mr. Chairman.

The CHAIRMAN: You will have an opportunity in just a moment, Mr. Cleaver. I just want to tell the committee that we still have a quorum and as we have undertaken to hear the representations of the St. John Ambulance Association—Senator Paterson and Mr. Gray are both here—I am going to ask that you will not slip away and leave the committee without a quorum.

*By Mr. Cleaver:*

Q. I am still a little concerned about the grants for educational purposes. If I remember the figures correctly, the R.C.A.F. in Ontario devoted about 30 per cent of their total disbursements to education in the form of educational grants. As I understand your present policy it is that no child of a naval veteran would have money available in the form of an educational grant. Have you any suggestions to make on that point? You would not want the children of former members of the navy to be any worse off than children of the members of the other branches of the service, the air force and the army. I was just wondering if you had the matter under advisement.—A. Definitely, Mr. Cleaver; it is under advisement.

Q. Have you had many applications up to date?—A: Practically none. We had one the other day which was for a youth who was, shall we say, mentally retarded. He was in England, the child of an officer who was killed at sea, and one of the societies over there had given so many dollars, or pounds, to provide one year's education for that youth and could not supply more and it would take at least two years for him to become a reasonably educated human being. We wrangled a whole forenoon as to whether it was or was not the right thing for us to do, and eventually we took the view that we should guarantee that child another year's education. That is the only case of which I know.

Mr. CRUICKSHANK: Mr. Chairman, I would like to ask you a question. Have we any authority to recommend that the regular navy canteens be forced to contribute a certain amount towards this fund?

The CHAIRMAN: We have not. The terms of our reference do not permit of our making any recommendations, Mr. Cruickshank, with respect to the administration of either the R.C.A.F. or the R.C.N. funds.

Mr. CRUICKSHANK: Then, I am going to move that our terms of reference be amended.

The CHAIRMAN: All right, I will take that as notice of motion.

If there are no further questions for Admiral Nelles, I should like to express the thanks and appreciation of the committee to you, sir, and to your staff, for your very helpful contribution this morning.

Gentlemen, we have a few minutes left and Senator Paterson and Mr. Gray would like to present their brief.

Senator PATERSON: Mr. Chairman and gentlemen: it is very kind of you to give us a hearing. While we have not been here before to know what has been going on, I hope we are in order in filing a mild application to be considered in the course of any distribution which may be made..

The head Prior of the St. John Ambulance Association is Lord Alexander. The Sub-Prior is Mr. Gray. The order in Canada is self-contained. The only money we spend out of Canada is about \$1,000 a year to the eye, ear and nose hospital in Jerusalem which has been supported by the St. John Ambulance Association all over the world for nearly a thousand years. Any money we raise in Canada, outside of that \$1,000, is kept in Canada for the purposes of the order.

On behalf of the Venerable Order of St. John of Jerusalem, we would like to lay before you our petition for consideration in case a distribution of the canteen funds is made.

During the war years, we trained in first aid and home nursing 571,204 persons, the greater number being in the armed services. We sent overseas 226 trained volunteers to assist in nursing, truck driving, etc., and who performed splendid services in the U.K. and on the continent.

We, at one time, were self supporting by charging for training first aid, but during the war and since we have been forced to give this training free so that to perform our task of caring for the injured and training the young, we must appeal to the public for support. We have established first aid posts at many places on the highways and St. John Ambulance uniformed attendants will be seen at almost all public functions where crowds gather and where their services may be required. There they go with stretchers, bandages and the necessary first aid equipment. These are voluntary workers, we do not pay these people but need money to pay rent for training halls, text books, equipment and to pay doctors for examination, to pay office help and for transportation.

We have a staff continually working on blood count across Canada going into factories, classifying all employees so that in case of accident, where a blood transfusion is required, the suitable blood can be located quickly. We applied for some of the money paid in to the government by employers of conscientious objectors, which ran into figures close to a million dollars a year but were too late in applying to get a share.

We have just concluded a drive for funds to the public and have attained 63 per cent of our objective but appeals to the public have been so frequent that we come to a tired public who have earned a rest from appeals and we turn to you to help, if you feel that way disposed. We feel that our work is well worth while and desire to extend our work in training the young so as to save life and encourage better health habits.

I happen to be the Almoner and Hospitaller of the order. I looked it up to see what I was supposed to do and I found the almoner was supposed to raise the money for the St. John Ambulance Association. Mr. Gray who is the Sub-Prior can probably answer any questions the committee feels disposed to ask.

The CHAIRMAN: Would you care to say anything further, Mr. Gray?

Mr. GRAY: No, thank you, Mr. Chairman, but I will try to answer any questions which may be put.

The CHAIRMAN: I think the members of the committee will know, and Senator Paterson perhaps will realize, it is not the purpose of the committee

to dispense any canteen fund. We are in the position of trustees and we are giving the money back to the people who raised it. This committee will have the power to make suggestions to those who are ultimately charged with the disposition of the funds as to the type of disposition which may be made. Whether or not the committee would support such a plea, it is not for me to say.

I draw the attention of the committee to the fact that, before asking these gentlemen to come, we polled the steering committee and the committee thought they might be heard. If any of you would care to ask any question in connection with the brief, I would be glad if you would do it now.

Mr. LENNARD: I have no questions to ask. The brief has been submitted and I would suggest it will, at the proper time, be considered. If necessary, we might have the privilege of hearing further from these gentlemen.

Mr. FULTON: I should like to ask, before the Senator and Mr. Gray withdraw, if they could tell us whether the St. John Ambulance did any direct war service and, if so, could you briefly describe the nature of it?

Mr. GRAY: Our war service consisted of sending 226 trained girls overseas. They went over just as soon as they were required, that is, as soon as the army, air force and navy wished them to do so. These girls remained until the end of the war and some of them did not get home until almost a year after the end of the war. They were engaged in various duties in hospitals, in ambulance driving and so on.

Mr. FULTON: Military hospitals?

Mr. GRAY: Yes, all kinds of hospitals, wherever they were allotted by the authorities over there. The joint war organizations in England took care of where they should serve. They were in all kinds of hospitals.

Mr. CRUICKSHANK: Would it not be more advisable for them to apply for participation in the benefits? As the chairman said, I do not think we have any right to dispose of the funds. They could apply to participate in the benefits as, for instance, the fire fighters did. The fire fighters did not get over there until after the blitz was over, but they have been given the rights of soldiers.

Mr. GRAY: Our application is not intended to be based on our war service. We have been carrying on throughout every province in Canada doing all kinds of civilian work which was, until the war, the main part of our duty. We trained during the war, 571,000 graduates in first aid and home nursing. This used to be part of our pre-war work.

Mr. CLEAVER: I think you would be well advised to take under consideration Mr. Cruickshank's suggestion. Perhaps it would be wise for you to apply on behalf of your members who had overseas service so that they should have the right to participate in the fund.

Mr. CRUICKSHANK: The reason I put the suggestion forward is that I believe we should be fair to these men. Frankly, I would oppose any contribution from this fund by this committee. The Red Cross is just as deserving. I am not saying one word against the excellent work these girls did over there. I know they did excellent work because one of the girls from the house in which I live went over. The Red Cross are having a drive right now and although we have no request from them, we have no authority to make such a disposition of the fund.

Mr. PROBE: Was the St. John organization authorized as a war services organization to participate in these various activities during the period of war, or were official duties given to them during the war?

Mr. GRAY: We were definitely appointed by Mr. Power to train the air force at Rockcliffe and other places in first aid.

Mr. PROBE: Was financial support received by the St. John Ambulance Association from the federal government or other sources?

Mr. GRAY: None.

Senator PATERSON: It should be stated that \$5,000 a year has been given to the St. John Ambulance Association for some years.

Mr. PROBE: Where do you get the balance of your funds?

Senator PATERSON: We were able to charge \$3 a person for first aid training, but during the war years we had to train the people free. During that time, when you saw a Red Cross drive for \$10,000,000 which they got, we were allowed about \$300,000 of it.

Mr. PROBE: By agreement with the Red Cross?

Senator PATERSON: By agreement with the Red Cross and by a joint committee headed by the late Morris Wilson. Mr. Gray and I represented the St. John Ambulance and two Red Cross men represented the Red Cross.

Mr. PROBE: Do you fit into the Red Cross financial scheme of things now?

Senator PATERSON: No, that committee was abandoned shortly afterwards.

Mr. PROBE: Your present source of funds is only the \$5,000 which we give annually?

Senator PATERSON: And what we can get out of the public.

The CHAIRMAN: The situation was just this, gentlemen, these representatives were to come before us and we did not know, naturally, what their brief would contain, but what Mr. Cruickshank and some of the other members of the committee said a moment ago is literally true. We do not dispense the fund. We are in a position to make recommendations with respect to consideration for their members who actually served benefiting in this fund. I assure the delegation the committee will think of them.

Before we adjourn will someone make a motion that the committee meet after the Easter recess at the call of the chair?

Mr. CRUICKSHANK: I so move.

Carried.

The committee adjourned at 12.55 p.m. to meet again at the call of the chair.













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Canada. Canteen Funds, Inc.  
Ottawa, 1947

SESSION 1947

(HOUSE OF COMMONS )

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( SPECIAL COMMITTEE

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# (CANTEEN FUNDS

## MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

FRIDAY, APRIL 25, 1947

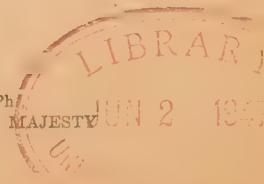
### WITNESSES:

Lt. General E. W. Sansom, C.B., D.S.O., Mr. J. Harper Prowse, Mr. J. J. Kelly, Mr. A. Embury, Mr. Gordon Beaton, Mr. T. Hunter, Major J. S. Wright, Colonel Gavan Power, Commander Horace E. Read, O.B.E., and Lt. Colonel D. E. MacIntyre, D.S.O., M.C., representing the Canadian Legion of the British Empire Service League;

Major Earl Hand, Mr. T. J. Woodcock and Mr. J. P. Nevins, representing the National Council of Veteran Associations in Canada;

Colonel A. W. O. Stewart, President, Regimental Funds Board, Department of National Defence.

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1947





## MINUTES OF PROCEEDINGS

FRIDAY, April 25, 1947.

The Special Committee on Canteen Funds met at 11 o'clock a.m., the Chairman, Mr. L. A. Mutch, presiding.

*Members present:* Messrs. Baker, Brooks, Cockeram, Cruickshank, Emmerson, Fulton, Lennard, Mutch, Probe, Wright.

*In attendance:* Lt. General E. W. Sansom, C.B., D.S.O., of Fredericton, N.B., Mr. J. Harper Prowse of Edmonton, Alta., Mr. J. J. Kelly of Winnipeg, Man., Mr. A. Embury of Regina, Sask., Mr. Gordon Beaton of Sydney, N.S., Mr. T. Hunter of Windsor, Ont., Major J. S. Wright of Summerside, P.E.I., Colonel Gavan Power of Montreal, P.Q., Commander Horace E. Read, O.B.E., of Minneapolis, Minn., and Lt. Colonel D. E. MacIntyre, D.S.O., M.C., of Ottawa, representing the Canadian Legion of the British Empire Service League; Major Earl Hand of Toronto, Ont., Mr. T. J. Woodcock of Toronto, Ont., and Mr. J. P. Nevins of Ottawa, representing the National Council of Veteran Associations in Canada; Colonel A. W. O. Stewart, President, Regimental Funds Board, Department of National Defence.

The Chairman introduced the members of the two delegations.

General Sansom, Colonel MacIntyre and Mr. Prowse were heard on behalf of the Canadian Legion and were questioned.

Major Hand and Mr. Woodcock were heard on behalf of the National Council of Veteran Associations, and were questioned.

Colonel Stewart was called and questioned.

The witnesses retired.

At 1 o'clock p.m., the Committee adjourned until Friday, May 2, at 11 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

APRIL 25, 1947.

The Special Committee on Canteen Funds met this day at 11 a.m. The Chairman, Mr. L. A. Mutch, presided.

The CHAIRMAN: Gentlemen, if you will come to order, we have a quorum; and we have a considerable amount of business to get through this morning.

I wonder if I might exercise the privilege Parsons exercise on occasion. If you remain grouped solidly at the far end of this large room it is going to be difficult for witnesses to make themselves heard. We have a large audience and perhaps the members wouldn't mind coming down to this end of the table.

Gentlemen, we have with us this morning representatives of I think all the major organized bodies of veterans in Canada; and on this particular question I think it is perhaps an historic occasion in that as I understand it the brief which is to be presented here this morning is made on behalf of all of them. It will simplify our work, it will make it more easily understandable to the veterans themselves; and I think it is a matter of congratulation to all these gentlemen that it is that type of presentation. We have with us representatives from the Legion and other organized veteran bodies from almost all of the provinces and in the course of the presentation I will have an opportunity of presenting them to you. I understand that General Sansom is to present the main brief, so I will deny you the opportunity at the moment of listening to me any further and I will ask him to get on with his job.

Some hon. MEMBERS: Hear, hear.

The CHAIRMAN: General Sansom.

**Lieutenant-General E. W. Sansom, C.B., D.S.O., Chairman, Canadian Legion Canteen Fund Committee, called:**

The WITNESS:

CANADIAN LEGION OF THE BRITISH EMPIRE SERVICE LEAGUE

BRIEF PRESENTED TO SPECIAL PARLIAMENTARY COMMITTEE ON  
CANTEEN FUNDS—APRIL 25, 1947.

1. The observations which we shall make to-day are in effect a continuation of the brief submitted by the Canadian Legion to the Special Committee on Canteen Funds in April, 1942. As was anticipated at that time, considerable funds from profits from canteens and other sources have been accumulated and now await disposal.

2. In our previous submission we made the point that the bulk of these accumulated funds came into existence as a result of purchases made by the personnel of the armed forces themselves and therefore they should have, as far as is practical, some say in their distribution, both as to purpose and manner.

3. At this point it might be appropriate to place on record the credentials of the Canadian Legion as a veteran organization, whose views on this subject are worthy of consideration. The Canadian Legion is a national organization with 2,436 active units, whose paid-up membership, based on per capita returns, exceeds 250,000. For the information of members of the committee a complete list of Legion branches and auxiliaries has been handed to the clerk so that members can realize the coverage the Legion can give to the country in ascertaining the veterans' point of view and in rendering aid to veterans of all services requiring assistance. Each branch has its local service set-up and therefore is maintaining daily contact with the problems of veterans.

4. The Legion was first established in 1925, as a result of the amalgamation of a large number of then existing organizations. Its work on behalf of the veterans of World War I is well known. In its capacity of watch-dog of veteran interests the whole Legion has gained a wealth of experience in respect to the administration of the canteen funds of World War I.

5. Since the termination of World War II, veterans of that war have been flocking into the organization until to-day they are in the majority. On the Dominion Executive Council three of the six officers are veterans of World War II. All three services are represented, although a small proportion of branches do confine their membership to veterans from one particular group, such as naval veterans and air force veterans branches. They, however, operate in exactly the same way as do other branches of the Legion. Care is also taken to see that all branches of the service are represented on our councils.

6. We would like to emphasize that the Canadian Legion, together with the other nationally chartered veteran organizations, provide the most effective means of ascertaining and expressing veteran opinion available at present. Their combined units cover the whole of Canada.

Realizing that this committee is dealing mainly with the canteen fund of the army, we would like to make some observations regarding the determination of the amount of the fund. We believe that figures given by the minister will be very substantially augmented when the contributions from all sources are gathered together. As an organization actively engaged (through its subsidiary organization, the Canadian Legion War Services) in providing auxiliary services to the armed forces, the Legion is aware that very substantial sums have been and are yet to be made available as a result of the operations of the four recognized auxiliary services organizations. In this connection I would like to ask that Lt.-Colonel D. E. MacIntyre, general manager, the Canadian Legion War Services, be permitted to read into the record a memorandum containing information regarding the financial wind-up of the Canadian Legion War Services that will indicate approximately the amount of funds that would be available through Legion sources. From this a fair idea can be gained of the total amount of the contribution from auxiliary services organizations since the other three organizations will have greater or lesser amounts available for inclusion in the canteen funds.

**Lt.-Colonel D. E. MacIntyre (General Manager, The Canadian Legion War Services):**

**MEMORANDUM RE FUNDS TO BE TURNED OVER TO CANTEEN FUNDS FROM AUXILIARY ORGANIZATIONS**

In making a study of the establishment of a national canteen fund to be administered for the benefit of ex-service men and women and their dependents, consideration should be given to all possible sources from which funds might be derived.

In so far as the four national auxiliary services organizations are concerned, three sources exist which might be described as follows:

### 1. Organization Canteens

The four organizations entered into a contract with the Minister of National Defence, which was signed by the minister on 11th March, 1940. However, all the organizations were operating canteens prior to that date and in so far as Canadian Legion War Services is concerned, they made an account of their profits which were turned over to units or to the Receiver General from the inception of their canteen operations in 1939. This contract covers operations in Canada and Newfoundland only, and the essential difference between canteen operations in the western hemisphere and those which were conducted overseas is that the net profits realized in Canada and Newfoundland were paid out monthly in the form of a 5 per cent dividend on total sales to the units served and the remainder, if any, to the Receiver General in trust. The organizations were allowed to retain 2 per cent of the net sales to cover supervision, administration and certain items of overhead which were not properly chargeable to individual canteen operations.

In the case of C.L.W.S., this resulted, during the period from 1st December, 1939, to 30th June, 1946, in the payment of \$355,386.13 to camp commandants and, to the Receiver General of Canada in trust for the canteen fund, \$239,861.04.

By this method, all profits were distributed immediately after auditors' statements were issued, with the result that, at the conclusion of operations, the bank account for each canteen was closed out with a nil balance.

Operations overseas were conducted on an entirely different plan. In Great Britain, the contract with the minister did not apply and, by army order, no dividends were paid to the units. No special trust fund was set up until 1942, when financing by the dominion government replaced the system of financing by public subscriptions to the organizations. Prior to 1942, any profits realized were paid into general account and used to reduce operation expenses to that extent but, after 1942, a trust account was set up to which profits were credited and these were never distributed but continued to be held in trust by the organizations.

I might say there that our canteen operations up to 1942 were conducted on a very limited scale.

In so far as C.L.W.S. is concerned, these profits have been transferred to Canada and are still held by us in the Bank of Montreal. The total profits amounted to \$548,148.16, out of which all the organizations were ordered to pay to the Receiver General Overseas, on 4th March, 1946, the sum of \$125,000 each to offset certain capital expenditures made from government accountable grants incidental to the setting up of certain canteen operations. After deducting this payment there still remains the sum of \$423,148.16 to be paid over to the canteen fund.

Since the drafting of this brief that sum of \$423,148.16 has been paid over to the Receiver General in trust.

### 2. Canteens Overseas Outside the United Kingdom (Bronco Account)

That is the operation known as "bronco" or the "bronco trust".

In order to promote efficiency and reduce the expense of handling large shipments of canteen supplies destined for Italy and northwest Europe, it was decided by the organizations, at the request of Canadian Military Headquarters, to pool our operations. After a great deal of discussion, it was decided that the most effective method would be to delegate the task to one of the four organ-

izations, which would act on behalf of all of them. This organization adopted the code name "Bronco" and, under the terms of the agreement, a copy of which is attached, the Y.M.C.A. undertook to purchase, ship and warehouse all the supplies required.

To carry out this undertaking, a considerable amount of capital was necessary, so that an order in council had to be passed (P.C. 93/2993) authorizing an advance of £50,000 to the Y.M.C.A.. This advance was increased from time to time until nearly two million dollars had been advanced altogether, but the four organizations were required to sign a contract with the Minister of National War Services by which they became jointly responsible for the repayment of the advance.

Now there strictly speaking it is not a contract, it was an exchange of letters in which the minister outlined the terms of the arrangement and all the others agreed to it.

A system of warehousing was established in Italy and northwest Europe, from which all organization supervisors drew their supplies, paying for them in cash at full retail prices. In this way, no individual organization made any profit and the only profit realized was by the joint organization known as "Bronco". In the course of time, when the final audit of the Bronco account is made, each organization should receive a 25 per cent share of the profits or, at any rate, should be credited with this amount. We are informed by the Y.M.C.A. that the auditors are now working towards a final statement, which we hope will be forthcoming shortly, but we understand that the operation was quite profitable. However, I have no information on which to base an estimate of the amount and can only hazard a guess that it might run to \$500,000.

**Mr. COCKERAM:** Is that the total amount, or just from that operation?

**Colonel MACINTYRE:** No, that total amount of "bronco" operations; that is merely an estimate. I have not seen the figures. That is based on what I have heard.

### 3. Disposal of Assets

Another source which should be explored by the Canteen fund committee is the result of the efforts of the four organizations to dispose for cash all their assets in the western hemisphere and overseas. According to our original agreement with the Crown, all our assets were ordered to be sold and the proceeds paid into a trust fund. I have no information with regard to sales made by the other organizations but, so far as CLWS is concerned, the results up to December 31, 1946, were as follows:—

Canada . . . . .	\$ 188,098 48
Overseas . . . . .	512,647 66
Total . . . . .	\$ 700,746 14

**Mr. WRIGHT:** Does that include all the assets? Were they all disposed of before that date?

**Colonel MACINTYRE:** No, sir; practically all, there may be another \$20,000 which has come in since the first of the year.

This amount is now deposited in the Bank of Montreal, Ottawa, less £22,796.3.0, which was transferred directly from field cashiers in Europe to the Chief Paymaster in London and by him remitted to the Treasury in Canada.

We have received credit in a letter for this amount. The funds have not come to our hand; nevertheless, they have no doubt been turned in to the trust account to the credit of the organization.

We have received credit in a letter for this amount, but the funds did not pass through our hands. Nevertheless, they will no doubt be turned into the trust account and credit given to this organization.

Our auditors made a calculation showing that 28·1 per cent of our purchases of buildings, equipment and motor vehicles, in Canada, were from funds raised by CLWS from the public in 1940 and 1941 and that this percentage amounted to \$52,855.66 to which we feel we have a legitimate claim as a source for compensation for our employees who served in the western hemisphere and who, for the most part, were paid off on seven days' notice and did not share in the benefits accorded to supervisors who served overseas. The argument has been advanced by the four organizations that they might be compensated from this fund on the same scale as the gratuity voted to members of the armed forces who served in Canada only.

I might say that a brief to this effect has been presented to the Department of National Defence.

In order to help you make some estimate of the funds which might still be turned over to the canteen fund, I draw your attention to the fact that, on December 31, 1946, our bank balance was \$1,049,058.06. This included funds from all sources, which may be slightly increased when we finally close our books. I wish to point out that this money has not yet been turned over to the Receiver General and, therefore, is probably not included in the figures given by the minister in his statement to the House recently.

(Sgd.) D. E. MACINTYRE,  
*General Manager,*  
*Canadian Legion War Services.*

Ottawa, April 15, 1947.

Memorandum of Understanding reached between the four national voluntary organizations, that is, Canadian Legion War Services, Knights of Columbus Canadian Army Huts, Salvation Army War Services and National Y.M.C.A. War Services, regarding the operation of a central purchasing and warehousing establishment overseas.

It is agreed amongst the four organizations that:—

1. The Y.M.C.A. act for the four organizations in the purchasing, warehousing and shipping of canteen stores for use and sale with Canadian Expeditionary Forces outside the United Kingdom, and not for sale or use in Great Britain.
2. The Y.M.C.A. establish a central warehouse, or warehouses, in Great Britain, as well as base and advanced stores in a theatre of war covered by Canadian Expeditionary Forces outside the United Kingdom.
3. The organizations' supervisors in the field draw supplies from advanced stores.
4. The organizations be charged for stores for resale at selling prices.
5. Initial supplies to the organizations be advanced on credit and subsequently for cash.
6. Any profits accruing from these operations shall be set aside in a separate trust account and the disposition of these profits shall be subject to the direction of the overseas advisory board.
7. All organizations use their influence to secure shipping space and ask for treatment in this respect equal to that accorded to the Red Cross Society.

8. £50,000 provided under P.C. 93/2993 has been paid to the Y.M.C.A. to finance these operations on behalf of the four organizations, who will be individually responsible for a proper accounting of the funds or goods allocated to them under this arrangement.
9. These operations will be subject to the control of parallel joint advisory committee, both in Canada and the United Kingdom, which will be composed of the senior representatives of each organization, but that the management will be under Y.M.C.A. direction.
10. The application of the provisions of this agreement in detail be left to the joint advisory committee in the United Kingdom.

This memorandum dated at Ottawa, May 14, 1943, and revised and executed at Toronto, June 17, 1943, by—

*Canadian Legion War Services Inc.*

(Sgd.) D. E. MACINTYRE.

*Knights of Columbus Canadian Army Huts.*

(Sgd.) R. RYAN.

*Salvation Army War Services.*

(Sgd.) W. DRAY.

*National Y.M.C.A. War Services.*

(Sgd.) J. W. BEATON.

I again remind you that since the writing of this brief we have had turned over to us that amount of \$423,000-odd from the canteen fund.

Thank you.

The CHAIRMAN: All right, General Sansom; would you continue?

The WITNESS: Now we come back to paragraph 8 of the first brief, and carry on in the same way.

8. Just before we leave this matter the Legion believes that this Committee should assure itself that any of the charges mentioned by the minister to be made against any of these funds are proper charges in the sense that they were incurred by the auxiliary organizations involved on their own responsibility and not arbitrarily imposed upon them by the military authorities.

The particular reference there is to the charges in respect to "bronco" operation.

9. May we at this point say something about the benevolent funds of the navy and the R.C.A.F. The relations between the Legion and the administration of both funds are excellent. We are mutually helpful. The Legion has placed its facilities for investigation through branches at the disposal of both funds and we have nothing but praise for the way the money is being disbursed. We feel that we can definitely recommend that a parallel set-up should be established for the army fund, but in this connection we would like to make some suggestions in respect to the operation of the three funds. In doing so we hope that our observations will not be regarded as criticism of either the set-ups or those administering the navy and air force benevolent funds. We commend the initiative of these services in quickly bringing into existence and operation the present machinery to disburse their funds among their veterans who require assistance.

10. It is the Legion's opinion that the funds of the three services should be brought together for disbursement under a single directive body. It is not our idea that the funds should be pooled but they should each follow the same guiding principles in respect to purpose and operation and be governed by a common directive or administrative set-up. This would be economical and

establish uniformity of treatment of the veterans of all services. It would also very much simplify the work of any voluntary organization that might be called upon to assist those administrating the funds or to channel applications for individual veterans.

11. Following through with the idea of a single directive for the three services, it is the opinion of the Legion that the position of the three funds would be very much strengthened if their status was established by Act of Parliament. This legislation should indicate the type of direction and administration to be adopted and provide for a proper balance in respect to those to be represented on the governing body or bodies of the three funds. It does appear as though the representation of the rank and file veteran is somewhat insecure in the present set-up of the navy and the R.C.A.F. This could undoubtedly be attained by a closer tie-up with veteran organizations, through whom the rank and file could express themselves. They will express themselves anyway—but without adequate rank and file representation in the policy forming set-up it would be very much easier for difficulties to develop.

12. On page 232 of the Special Committee on Canteen Funds of 1942, the Legion made certain recommendations, the principles of which still seem to us to offer an excellent basis for determining a suitable administrative set-up for the distribution of navy, army and air force benevolent funds.

At this point I would like just to refresh the minds of members of the committee as to what was said in the Legion brief at that time. I will just read from page 232 of the Report of Minutes of Proceedings and Evidence from the canteen funds committee of 1942:—

In making the following recommendations, we are assuming that steps will be taken to see that a very substantial sum will be available at the close of the war as canteen funds, and that appropriate action will have been taken to bring them together into a consolidated fund, which might be called 'The Canadian United Services Fund.' We would therefore recommend:—

- (1) That the general control of the canteen fund remain in the hands of a central board.
- (2) That to facilitate administration, provincial boards be set up but that, instead of allocating to each board a specific portion of such fund, each board receive only advances from time to time according to need and subject to proper accounting.
- (3) That administrative expenses be borne by the Department of Pensions and National Health. In other words, that the department would provide office accommodation, clerical assistance, etc.
- (4) That the administration of the funds be subject to periodic inspection by some qualified person.
- (5) That all funds be invested only in dominion securities.
- (6) That regulations be prepared for the administration of the fund and that in particular the principles upon which assistance would be given should be clearly defined.
- (7) That it would be inadvisable to use departmental investigators but that arrangements should be made to utilize the machinery of the Red Cross, Associated Charities and recognized veteran organizations to investigate claims.
- (8) That regimental canteens be made subject to the same supervision and control as auxiliary service canteens and that all surpluses be turned into the general fund, or

- (9) Alternatively, that there be close supervision of the application of regimental canteen profits and that all surpluses at the termination of the war be turned into the general fund.

Bringing this proposal up to date we now submit an outline of a general plan embracing the benevolent funds of all three services.

The CHAIRMAN: This applies to all three services?

The WITNESS: Yes.

*13. Administrative Control*—to be vested in a governing body constituted as under.

#### CANADIAN NAVY, ARMY AND AIR FORCE BENEVOLENT FUNDS ADMINISTRATION

*Five Members*—who shall be veterans of World War II—

1. President, Naval Services Benevolent Fund;
  2. President, Army Benevolent Fund;
  3. President, R.C.A.F. Benevolent Fund;
  4. Nominated by Dominion Command, Canadian Legion.
  5. Nominated by National Council of Veterans' Organizations.
- Secretary—To be supplied by Canadian Legion of the B.E.S.L.

#### *Function:*

- (a) Dictate policy.
- (b) Regulate scope of benefits.
- (c) Ensure co-ordination between services benevolent funds in respect of scope of benefits.
- (d) Approve appointment of provincial chairman of committees and exercise any necessary disciplinary powers over them and supervise their administrative costs.
- (e) Ensure that moneys due to the funds are collected and channelled to the benevolent fund of the appropriate service.
- (f) Review auditors reports.
- (g) Co-ordinate conduct of public appeals for funds by member funds should that be necessary.
- (h) Report annually to parliament on the operation of the United Services Benevolent Funds.

#### *14. Proposed set-up for Canadian Army Benevolent Fund*

It is pointed out that army veterans have not yet had their funds made available to them (notwithstanding the interim grant which is not yet being administered), while veterans of the other services have had theirs available for some time. It is felt that this should be rectified with a minimum of delay by the appointment of a suitable directorate to deal with army funds, whether or not it is possible immediately to appoint the governing body referred to in para. 13 above.

The Legion proposes that Canadian army benevolent fund control be vested in a directorate consisting of—

- (a) *An executive committee* including—

*A president*—to be appointed by the Minister of Veterans Affairs in consultation with veterans' organizations.

*Two executive directors*—

One nominated by Canadian Legion, B.E.S.L.

One nominated by National Council of Veterans' Associations in Canada.

The secretary—to be supplied by the Department of Veterans Affairs.

Added to this executive committee would be a directorate consisting of:—  
 (b) *One director from each province*—who shall be the chairman of the provincial committee and shall be responsible for the administration in his province, but subject to the policies and supervisory control of the navy, army and air force benevolent funds administration.

In this connection, the United Kingdom and the United States to be regarded as provinces.

15. Additional secretarial services will be required by the directorate and in the view of the Legion these might reasonably be supplied by the Department of Veterans Affairs.

The function of this directorate would be:—

- (a) Administer the army benevolent fund in accordance with the general policy of the navy, army and air force benevolent fund administration.
- (b) Recommend the appointment of provincial chairmen in consultation with local veterans' service organizations for approval of navy, army and air force benevolent fund administration.
- (c) Approve personnel constituting provincial sub-committees nominated by provincial chairmen in consultation with veterans' organizations.
- (d) Issue instructions to govern the accounting policy and method of payment.
- (e) Allocate advances of moneys as needed to provincial committees.

16. It is considered that the navy, army and air force benevolent funds administration as well as the set-up of the three service benevolent funds should be legally constituted by Act of Parliament. Also that the Act should regularly constitute the provincial and district committees of the three funds, as the media through which service may be rendered to the needy veteran or his dependents wherever they may be.

17. The committee may also wish to refer in a general way in the Act to the scope of the benefits which may be granted by the several benevolent funds.

18. In the view of the Legion committee, which has studied the matter, it is felt that any use of the funds for relief purposes should be limited to the class of case for which no relief or inadequate relief is available from any governmental agency.

19. We would therefore recommend that the scope of benefits which may be granted to ex-service personnel of World War II and their dependents shall not be too rigidly defined but shall include:—

- (a) The alleviation of distress where such distress is due to death, illness, infirmity or misfortune over which the ex-service member or his dependent has had no control.
- (b) To assist in providing prosthetic appliances when the applicant is not eligible for departmental assistance and when such assistance will tend to make the applicant self-supporting.
- (c) To provide assistance in meeting hospital and medical bills or defraying funeral expenses in cases where the full payment by the veteran would cause distress.
- (d) Provision of assistance in the care of orphaned children of veterans, placing them in suitable homes, etc.
- (e) Assistance in the education of the children of veterans in special cases.  
 (In this connection it is the view of the Legion that adequate provision for the education of children whose fathers lost their lives in service or as a result of service should be the responsibility of the government. Also the Legion holds the view that educational assistance when granted should be direct rather than through the medium of scholarships.)

That is, assistance in the education of veterans' children.

- (f) For any purpose determined by the navy, army and air force benevolent funds administration which will alleviate distress among veterans of World War II or their dependents.

#### *20. Provincial Committees*

- (a) It is considered that these should consist of:—

A provincial chairman, who shall be a director of the Canadian army benevolent fund, and a number of sub-chairmen, each with a working committee.

- (b) The number of sub-chairmen required will depend on the size of the province and the concentration of population. In this connection it is thought that there should be at least one sub-committee for each D.V.A. district, the principle being that a committee member should be accessible to every veteran who may need assistance wherever he may be located.
- (c) It will be the duty of such committees and sub-committees to carry out the policy of the navy, army and air force benevolent funds administration and submit recommendations with reference to such policy.
- (d) Committees will also be required in the United Kingdom and in the United States. These should be organized on similar lines.

#### *21. Method of Administration*

- (a) All commands and branches of the Canadian Legion of the British Empire Service League and other recognized veterans' organizations as well as all offices of the Department of Veterans Affairs should have forms of application for assistance and be empowered to complete such forms and forward to the district sub-chairman.
- (b) District sub-chairman should be empowered to authorize or refuse applications within prescribed limits. Applications beyond such prescribed limits would be referred to the provincial chairman for consideration within the policy laid down.
- (c) It is considered that the prescribed limits imposed on provincial committees might be as shown below:—

Sub-committee . . . . .	\$150.00
Provincial committee . . . . .	300.00

- (a) The facilities of the Department of Veterans Affairs should be available to and utilized by provincial committees in acquiring information upon which to base decisions, for the keeping of adequate records, and for making payments.

#### *22. Conclusion*

- (a) In the opinion of the Legion the terms of the Act should not be too restrictive as to the nature of benefits which may be granted. The criterion should be the existence of genuine need. Whether assistance should be in the form of grants or loans is a matter for those administering the fund to decide.
- (b) Opinions may differ as to the period during which the fund should be maintained and it seems desirable that the view of the Legion in this regard should be recorded. On VE day the age of the youngest serving soldier would be approximately 20 years. Assuming his normal expectancy of life on that day to be 60 years, then, to ensure that funds shall be available to meet demands from such veterans until eligible for old age pension, the fund should

last, in a diminishing amount, for a period of fifty years; also the need for assisting dependents of veterans may be expected to last for approximately the same period.

- (c) In the opinion of the Legion the Canadian army benevolent fund should be administered so as to be exhausted at the end of fifty years.

The CHAIRMAN: Thank you, General Sansom. You are attended here today by a galaxy of representatives of various organizations.

Major Hand, do you want to make a supplementary presentation?

MAJOR EARL HAND (*Canadian Corps Association*): Yes, sir.

The CHAIRMAN: Then if you desire to, you may do that; and then after the conclusion of your presentation, if you desire to have any further statement from other members of your delegation present, we can hear them, General Sansom.

Mr. LENNARD: As long as there is no undue duplication, Mr. Chairman.

The CHAIRMAN: I think the committee will take care of that. Major Hand is representing the Canadian Corps Association and some other veterans' organizations.

MAJOR HAND: Mr. Chairman, and gentlemen of the committee; I must apologize for not being able to present you with a copy of my brief, but we have not had a great deal of time in which to prepare it.

April 23, 1947.

SPECIAL PARLIAMENTARY COMMITTEE ON CANTEEN FUNDS  
HOUSE OF COMMONS, OTTAWA,

APRIL 25, 1947.

*L. Mutch, Esq., Chairman.*

This statement is presented on behalf of the National Council of Veterans' Associations in Canada, representing the following member organizations:—

The War Amputations of Canada  
The Canadian Paraplegic Association  
The Sir Arthur Pearson Association of War Blinded  
The Canadian Pensioners' Association of the Great Wars  
The Army, Navy and Airforce Veterans in Canada  
The Canadian Corps Association

The memberships of all member organizations have substantially increased as men and women who served during the second great war have been released from the service and joined. They have been warmly welcomed and every effort is being made to familiarize them with the peace-time service objects and ideals actuating us, and at the same time to understand and aid in the solution of problems specially affecting them.

This submission is especially concerned with the subject of canteen funds of the army, navy and air forces, and their application. We followed with interest and appreciation the administration of the air force benevolent fund as established and augmented by public subscriptions. Similarly we followed with interest the development of the navy benevolent fund. At the present time we are concerned with the establishment of an appropriate administration for the army canteen funds and overall co-ordination of the three funds to avoid invidious differentials in the nature and extent of assistance rendered.

We realize that this committee has the serious responsibility of recommending to the House of Commons and the government the safest and most effective plan for the administration and application of these canteen funds for the benefit of those who served in the recent great war and their dependents. In order to avoid confusing variations in the suggestions presented to this committee, representatives of our council met with the Canadian Legion in Ottawa on April 12th, 1947. The proposals of the Canadian Legion were considered and discussed. At a meeting of the National Council held in Toronto on April 23rd, the slightly amended draft of the plan proposed by the Canadian Legion was unanimously endorsed.

Without adding detail to the plan proposed, we desire to emphasize the following points:—

- (1) The canteen funds now being considered represent mainly the profits from purchases made by the serving personnel of the second great war in various canteen establishments, and hence must be administered in trust for the benefit of all who served and their dependents.
- (2) Those who served in the second great war should be given priority for positions, both honorary and salaried, in the administration of these funds, and the secretary of the administrative governing body of the three funds should be appointed by the directors.

Now, I stop there for a moment to refer to page 4 of the Legion brief, and we are taking exception to their set-up of an overall board of control, if I may call it that. We agree with the appointment of the five directors but we wish to take exception to the secretary being supplied by the Canadian Legion. We recommend that the secretary administering the governing body should be appointed by the directors.

Speaking to that point, we felt that the five directors should be free to pick the best man they could get and it should not be a prerequisite that he should be a member of the Canadian Legion.

- (3) Administration expenses should be kept at a minimum compatible with efficiency and safety.
- (4) Fair and uniform application of the funds for all three services should be ensured to all concerned in all parts of the country.
- (5) Those who have suffered war disabilities and who are receiving compensation for such must often face emergencies for which there is no government provision to aid and should therefore not be barred from service through the fund which they too helped to create.

We lay great stress on that because the entire canteen fund of World War I excluded any benefits to pensioners.

- (6) We urge that provisions for education and allied benefits for children of deceased or incapacitated veterans or who are not reasonably provided for from any other source should be made on the broadest and most practical basis permissible.
- (7) That provision for prosthetic appliances where essential should be broadened to include other equipment necessary for physical comfort and application of talents.

That is covered in the Legion brief but we broadened it out.

We, the member organizations of the National Council of Veterans Associations in Canada now record with this committee our endorsement of the plan proposed by the Canadian Legion of the British Empire Service League for the administration and co-ordination of all Canadian canteen funds of the second great war.

E. A. BAKER,  
*Chairman.*  
J. NEVINS,  
*Dominion Secretary.*

I was also asked to bring to your attention, while it is not in our brief, the suggestion that the directors—speaking now for the army canteen fund only, not as to the appointment of the presidents respectively of the naval and air force funds, over which we have no control—should be appointed for a definite term of years; and it was suggested three years. That, of course, is subject to discussion; but it is our view that in any event it should be for a definite term, subject to re-appointment or replacement as may be fit.

Thank you, gentlemen.

The CHAIRMAN: Do you wish to call anyone else?

Major HAND: Not at the present moment.

The CHAIRMAN: Do you wish to call anyone else, General Sansom?

The WITNESS: No, not at the moment.

The CHAIRMAN: Gentlemen, these gentlemen who have made their presentations to you are now at your mercy.

Mr. CRUICKSHANK: Mr. Chairman, have either of the witnesses any suggestions as to how the money should be allotted to various provinces?

Major HAND: In so far as the national council is concerned—

Mr. CRUICKSHANK: I will tell you what I am trying to get at; should it be by enlistments or discharges? What I am trying to get at you see is this, in the province from which I come there were a far greater number discharged than there were who enlisted, pretty near everyone seems to want to come to British Columbia to take their discharge on account of our climate out there.

Major HAND: In so far as the National Council is concerned we do not want to see any apportionment by provinces. We want the fund to be a general fund administered and controlled from Ottawa.

Mr. CRUICKSHANK: And allotted as it is needed?

Major HAND: Yes, to be paid out as conditions warrant and where it will do the greatest possible good.

Mr. CRUICKSHANK: Is that the same as the Legion?

Major HAND: That is the same as the Legion, that is one of the reasons why we advocate this over-all controlling body which will have control of a centralized fund and in that way avoid any possibility of discrimination arising as to the provinces on the basis of population, and enlistments or discharges.

Mr. CRUICKSHANK: One other question. Your suggestion is the federal set-up. Of course, we have no right to discuss the benefit funds of either the R.C.A.F. or the navy, but I see that you have submitted some suggestions about them. What I am concerned about is the administration of their funds.

The WITNESS: We feel that that is a matter for them to decide. We are not in a position to criticize at all nor are we attempting to do so. I think they perform their functions very well.

The CHAIRMAN: I think, following what Mr. Cruickshank has said, General Sansom agreed to the suggestion but the Legion feel that it might not be as democratic in respect to other ranks and lower-deck ratings as it might be.

Mr. CRUICKSHANK: What I am trying to get at is the reference in your brief on page 3 with respect to the navy and R.C.A.F. funds. I entirely agree with what you say there. Have you any suggestion you want to make?

The WITNESS: One of the difficulties they are experiencing there is that they are still carrying on with their permanent force making contributions, and while the experience in the army has been to make the organization as democratic as possible we still can't quite get uniformity throughout the three forces, particularly when it is left open to voluntary contributions. It has to be imposed from above if it is going to be uniform throughout.

The CHAIRMAN: Gentlemen, at this point, for the benefit of those who are with us to-day, I think perhaps as chairman I should draw attention to something which we all know quite well as members of the committee, but which may not be quite so well known to the members of the delegation appearing before us to-day. My point is that many of the representations which have been made to-day deal with a subject which goes further than the terms of the reference to this committee, and while no doubt members of the committee are very happy to have the views of the organized veterans' bodies in Canada with respect to the navy and R.C.A.F. benevolent funds, any review of those funds is outside the scope of the terms of reference to this committee. We are brought together for the specific purpose of setting up a scheme to deal with army canteen funds. We have had the courtesy of very full explanations from each of these other funds, as to what they were and how they function, and that was done so that we might have the benefit of their experience; but the powers of our committee at the present time do not go beyond carrying into effect some procedure for dealing adequately with army canteen funds. That is more particularly dealt with in the second part of the Legion brief, setting up a plan for the disposal of army canteen funds. And I think the committee as a whole will be happy to have your views as set forth so concisely in this brief respecting the desirability of unified administration of all these funds, but it is completely outside our power even to recommend, at the present moment. These other funds are incorporated in the form of a company, as you know, and they are not subject to review by this committee. They are, of course, subject to review by parliament as all these are since they are incorporated companies operating under charters issued by the government. I would not like to see the committee led too far down the pathway of developing what we might like to do with funds which presently are not before us.

Mr. BROOKS: I would like to ask one question. The presentations we have heard this morning suggest the consolidation of the army, navy and R.C.A.F. funds into one group; has there been any consultation with the naval people or with the R.C.A.F. people with reference to this suggestion?

The WITNESS: No official conversations; I have discussed it with the air force and the navy, but the discussions I had were purely unofficial.

Mr. BROOKS: Have you any knowledge whether they approved in any way the suggestions made here?

The WITNESS: Unofficially I think as far as I can go is to suggest that it would meet with their approval.

Mr. BROOKS: I thought that myself and I would like to see approval.

Mr. WRIGHT: I should like to ask the witness for the Legion whether he thinks the fund should be contributed to, or should continue to be contributed to by the permanent army, and if it should apply to members of the permanent army?

The WITNESS: No. Our feeling is that it should not be contributed to by the permanent army. Members of the permanent army would benefit only in so far as they are eligible as veterans of World War II. I had discussions with military authorities on that point and they are quite happy to work on that basis and they would rather have it on that basis. They are taking the position now that each regiment should build up its own fund out of which they could render any assistance which might be necessary to their own rank and file in case of need regimentally.

Mr. WRIGHT: That is the basic difference between the navy, the air force and the army.

The WITNESS: Yes, that is the basic difference between the army set-up and that of the other two services.

Mr. PROBE: Mr. Chairman, I would like to ask Mr. MacIntyre a question. This brief speaks only on behalf of the Canadian Legion War Services; am I correct in that?

Colonel MACINTYRE: That is correct.

Mr. PROBE: And were you discussing the balances which are in the course of being turned over or are available for disposal to the general canteen fund, that is the balances for the canteens overseas and in Canada; and as to the assets which you have disposed of, you are speaking only for assets or balances of Canadian Legion War Services?

Colonel MACINTYRE: Yes, sir; that is right. My brief deals only with that.

Mr. PROBE: Then I presume that we should have similar information with respect to the funds relating to the operation of the Knights of Columbus, the Y.M.C.A and the Salvation Army—they were the other three?

Colonel MACINTYRE: Yes.

Mr. PROBE: Perhaps Colonel Stewart, or Mr. MacIntyre could give us that information?

Colonel STEWART: I understand that the auditors' statements for overseas are not yet available and it will be some time before they are. Just at the moment, without inquiring into it at headquarters, I do not know what information is available from the other services; but immediately after this meeting I will make inquiries and let you know.

The CHAIRMAN: They are known to be in course of preparation, but you do not know how soon they will be ready?

Colonel STEWART: That is it.

Mr. PROBE: Then we are going to have a record covering the closing out operation?

The CHAIRMAN: They will see that we get that in due course.

Mr. PROBE: Then there is another question, Colonel Stewart apropos this, and that is with respect to the army, navy and air force institutes in Great Britain, whether or not there are still balances due from them as a result of their operations overseas?

Colonel MACINTYRE: I cannot say exactly what the amount will be but we could submit an interim statement up to the end of the year 1946.

Mr. PROBE: I understand negotiations are under way with respect to the closing out of that account.

Colonel STEWART: They are in the final liquidation stage and there should be another amount for 1946.

Mr. COCKERAM: It looks as though there should be another three or four million dollars to come from that source.

Colonel STEWART: I would know.

Mr. COCKERAM: If the Legion have approximately a million—

Colonel STEWART: I would estimate, Mr. Cockeram; I should think, probably, yes; when everything is settled there will be a substantial increase in the figures we have.

Mr. PROBE: With what we had before, we had \$5,000,000 mentioned before, this would bring it up nearer \$10,000,000. That would be a safe estimate, would it not?

Colonel STEWART: I am afraid that it a little beyond me. I would not like to make any forecast.

The CHAIRMAN: If we get in all the money the various people have suggested we should get at least \$8,000,000, but that is a different matter.

Mr. PROBE: Could I get a further explanation of that "bronco" account? I am not familiar with it. Could we have an explanation of "bronco" operation?

Colonel MACINTYRE: That was operated by the Y.M.C.A. I have not seen their statement. I have taken it up with them and their final audit is coming to an end but it is not finished. I am not in a position to quote any figures. We have never seen the statements; but I have been told that the operation was quite profitable. What it will amount to, I cannot say.

Mr. PROBE: For my information may I ask who was responsible for that rodeo? That was not under the Bronco account, was it? The name suggests rodeo to me.

Colonel MACINTYRE: Oh, no. I might say that the reason why it was handled in that way was that we were employing large sums of money in purchasing and shipping and warehousing, employing people and so forth, and this operation could not be carried out by a committee, it had to be handled by a corporate body. We had the choice of forming a fifth corporate body or giving it to a corporate entity—people who could make contracts and sue and be sued and so on—and that is why we got one organization to handle it. The Y.M.C.A. offered to do the job and they did it very well.

Mr. FULTON: I would like to ask Colonel MacIntyre a question with regard to the first portion of the brief where totals have been given; in some cases they are figures and in some cases they are estimates. Do those totals cover all three services—the canteens of the army, navy and air force, or are they confined to income from army canteens?

Colonel MACINTYRE: We operated no canteens for the air force or the navy. Our canteens were all operated for the army in Canada. Of course, men of all the services might drop in, but we would have no way of arriving at a proportion.

Mr. FULTON: Afterwards did you not operate canteens for the navy and air force overseas?

Colonel MACINTYRE: No, not at all. They operated their own.

Mr. FULTON: Might I ask some questions with regard to the administration as outlined in this brief with special reference to paragraph 22 under the heading "Conclusion":—

- (a) In the opinion of the Legion the terms of the Act should not be too restrictive as to the nature of benefits which may be granted. The criterion should be the existence of genuine need. Whether assistance should be in the form of grants or loans is a matter for those administering the fund to decide.

I wonder if this contemplates leaving it exclusively to those on the spot—the provincial chairmen or subchairmen—or whether you think some directive or policy should be laid down by the central administration as to whether they decide to make grants or loans?

The WITNESS: They visualize a policy being laid down by the administration.

Mr. FULTON: Would you be prepared to elaborate on what the Legion feels should be the government policy in that regard; if it is going to be a matter of policy we should have some indication of it in whatever recommendation we make in this committee?

The WITNESS: We feel that what is described in evidence by the air force benevolent fund is sound. Generally speaking, they applied it as a loan first and then it might be converted to a grant if it was found that the repayment of the loan would cause distress on the part of the individual. In discussing it with members administering the fund for the air force, who were the people on the spot who decided what should be given to the individual, I was told that in

certain cases men who might be called professional scroungers can be put off with a loan of, say, \$10 on the understanding that that is to be repaid and if they never come back that is one case that is disposed of. On that basis there is much to be said for making loans.

The CHAIRMAN: You buy a release for \$10. May I ask if you read the evidence of Admiral Nelles? They started the loans and found they were only kidding themselves and that men were being denied help when they needed it because they had to have a loan. They quit loaning and went into straight benevolence. Do you disagree with that?

The WITNESS: In some cases a loan would be perfectly safe and justifiable, and that is for the decision of the person on the spot.

The CHAIRMAN: Do you not think that where a loan is obviously secure that the person applying for the loan would have little difficulty in getting it elsewhere?

The WITNESS: There is that possibility.

Mr. FULTON: My other question has more directly to do with administration—paragraph 20. This seems to me to be a very sound outline. I wonder if that would prove expensive? There is reference to a provincial chairman and sub-chairmen. Would they be paid or should they have a secretary on the provincial committee to be paid and that the other work should be honorary?

The WITNESS: I visualize, and I think it was the view of my committee, that they should be honorary. I think secretarial assistance can be obtained without very much expense. The Department of Veterans Affairs have offices in many districts and also many of the Legion and veterans' organizations have paid secretaries. I think that the fund can be administered with a minimum of expense on this suggested set-up.

The CHAIRMAN: Do you think that after the first enthusiasm of the moment and after we get a little farther away from the war you will get the kind of service you are hoping to get? When you are administering a fund of \$6,000,000 or \$8,000,000, I am a little concerned about placing it in the hands of clerks. I think you have to pay the wages of management even in handling benevolent funds.

The WITNESS: I do not say it should be placed in the hands of the people who are first of all deciding on how much of a small loan should be given to a needy person, but placed where the responsibility would be on administration, the central body.

Mr. FULTON: Would you suggest a compromise where each provincial chairman had some small staff, but not the subchairmen?

The WITNESS: I think, perhaps, the provincial chairmen should be supplied with secretarial staff from the Department of Veterans Affairs.

The CHAIRMAN: You are going to run slap bang into the committee if you start through governmental departments. This money belongs to the troops.

Mr. FULTON: I do not think it is fair to expect General Sansom to enter into the details, but I wonder what is the background that he has in mind?

The WITNESS: I think we all agree that this fund should be administered for the benefit of the body of veterans. I think the government should be in a position to bear the bulk of the expense of the administration.

Mr. WRIGHT: Would not that tend, perhaps—I am not saying it would, but it might—toward the Department of Veterans Affairs just getting out of some of their obligations because they had a fund and they had a man who was their man as secretary of this fund? I think that would be the danger of using the Department of Veterans Affairs too extensively.

The WITNESS: There is that danger, but the voice of the veterans throughout the country can be made pretty loud and pretty strong, and I think that secretaries of that nature could be dealt with.

Mr. WRIGHT: I think it could be dealt with quite effectively by the veterans' organizations.

The CHAIRMAN: He might not be guilty but he would certainly be accused.

Mr. FULTON: With regard to the methods followed by the other two funds and the suggestion that the three be brought under an over-all directing body, as I see it one of the big difficulties is that the navy is operating a continuing fund and that is one of the thorniest problems we have to reconcile if we make a recommendation along this line. Can you give us any advice as to what proposition we could put up to the navy?

The WITNESS: We discussed that point at some length yesterday, and I do not think we could suggest a solution at the moment; but we felt that given that co-ordinating committee at the time, consisting of the heads of all three funds who were responsible for the administration of their funds and let them get together with the assistance of the representatives of the veterans who are associated with them that solution could be worked out. I think it would be inappropriate now for suggestions to be made as to how it could be done. I think it would take a certain amount of time, but I think a solution could be reached.

Mr. WRIGHT: Mr. Chairman, I take it that this fund is largely to meet emergencies that may come in the life of the returned men. Then there is the other problem of education. Have you given any thought as to the percentage of this fund that might be allocated, or could you give us any idea of the amount of this fund that might be used for educational purposes?

The WITNESS: I think we would hesitate to suggest a proportion. We have suggested that it should be used for the education of children of veterans, and we do make the point that the children of deceased veterans really deserve something better from the government.

Mr. PROBE: Have you made representations on that precise point?

The WITNESS: Representations have been made and they are still active. There has been a great deal of discussion on education. Some people suggest scholarships. Personally I feel that scholarships are an expensive method of supplying that need.

Mr. CRUICKSHANK: They will get more people if there are no scholarships.

The WITNESS: Yes.

The CHAIRMAN: You can deal with the more needy cases.

Mr. PROBE: Your recommendation would not be to avoid giving a student monthly payments for the duration of a high school or college course; the scholarship was for the brilliant student. I agree with that. We should not differentiate between the intelligence quotients of the students, but if once you embark needy children on an educational career there should not be a lapse.

The CHAIRMAN: Did you see the evidence of Major Lewis, who spoke on behalf of the Ontario fund? He made quite a point about the advantages of a bursary, a straight grant to worthy and needy children, rather than any attempt to stimulate the brilliant or better nourished children.

Mr. BROOKS: General Sansom spoke of the children of deceased veterans—that it is possible that they should receive more pension from the department. That does not mean that if they did receive pensions from the department that you would exclude them from receiving benefits? I do not know of anyone who needs the benefits more than the children of these deceased soldiers.

The WITNESS: There is nothing exclusive in our brief at all. We felt that we could not compromise our stand on that subject by any statement in this brief that might be used against us.

Major HAND: With regard to paying officials to administer this fund—this is my personal opinion: I am not speaking for the council of veterans—on page 6 of the brief of the Legion it is suggested that there should be a provincial chairman. I will go further than that. I say that subcommittees receiving applications should deal with them to a certain extent and then pass on the more difficult ones to a provincial chairman. I think there should be a committee of three for each province and there should be a residence in one main city. Now, to elaborate on that, for this Ontario fund they have five trustees living in different parts of the province, and it has not been a good idea to have men from different parts of the province. In actual administration it has not worked out. If we have five men scattered over the province they do not really administer because it is an expensive and cumbersome method instead of having a provincial chairman. But I think it is too much power to put in one man's hands to decide whether a man gets a benefit or not. There should be a committee of three. They should be in one principal city where they will clear these difficult applications, and I strongly recommend that they should be paid at least an honorarium. I believe with the chairman that as we get farther away from the war the heat of patriotic effort wanes. We saw that twenty-five years ago. Not only that, but if you pay a man you expect to get a day's work. He cannot ignore his position by saying that this is an honorary position; that he likes the honour but he is not going to do any work. If we do not pay them we will have the whole job in the hands of the clerk or secretary who is paid. Then you get a situation where these claims for benefits are in reality dealt with by the paid secretary.

Mr. CRUICKSHANK: How would they be appointed?

Major HAND: By the directors, the central administration. I also would go further and suggest that your directors of the army canteen fund—I assume they would meet in Ottawa—should have allowances and *per diem* expenses. It is a lot to ask them to administer this big fund for nothing. I have no personal interest because I am not a veteran of World War II. This body should be made up of World War II veterans. I suggest that they are carrying a big responsibility and there should be recompense either directly from the fund or from the government. I think they should receive their expenses from the fund and a *per diem* allowance for days that they sit on this particular job.

Mr. CRUICKSHANK: Do the air force officers get that now?

Major HAND: I do not know.

The CHAIRMAN: They have not been drawing it but they are entitled to it. There is nothing to prevent anybody refusing to put in an expense account. On the other hand, you might get a certain type of man who could not afford that.

Mr. PROBE: With respect to the brief submitted by General Sansom, he suggested a secretary be supplied by the Canadian Legion toward combined administration and Major Hand took exception to that. It is suggested he was not altogether in agreement with them. Perhaps the General had in mind that they were going to supply that person free of charge?

The WITNESS: The Legion has offices and a secretarial staff. I do not think that that controlling body after it is organized would meet so frequently as to require a permanent secretariat at all, and the Legion has facilities and accommodation and so on that they might place at the disposal of this committee. It is not a question of supplying a secretary.

The CHAIRMAN: May I say that we are at cross-purposes. The recommendation which General Sansom made on behalf of the Legion was that this over-all supervisory committee which would look into the affairs of the fund would meet from time to time. I think that Major Hand, probably, and certainly myself a few moments ago, were thinking about the proposed army fund which this committee will be called upon to recommend be appointed. There is a difference between the directors who will administer the \$8,000,000 fund and the body suggested here as a sort of supervisory policy body. So that the criticism that you cannot get service with unpaid persons would not apply to the advisory body which would meet, say, once a year to review; it would apply to the board appointed to administer the \$8,000,000.

Mr. PROBE: I had that in mind. There is one thing more and that is with respect to the audit of the canteen funds, and I should like to have the opinion of each of these two gentlemen with respect to using the services of the Auditor General for auditing purposes.

The WITNESS: That is what we visualize happening, as a matter of fact. One reason we did not go into a lot of consequential detail in the proposed set-up of the army fund was that we rather visualize this advisory body under which the fund could be set up as a body that would smooth out all the difficulties. One advantage would be that the army fund would get the benefit of the experience of the heads of the other two funds in consultation.

Mr. FULTON: I would like to ask Major Hand a question with regard to his last recommendation. You think that in the case of a provincial board there should be a chairman in the province and that he should have two members on his provincial committee?

Major HAND: That is my suggestion.

Mr. FULTON: And these people would receive the knotty problems from the subchairmen?

Major HAND: They would receive the knotty problems in the province from the subdistricts, and assuming that we have subcommittees in the districts in that province the knotty problems that the subcommittees did not have power to deal with could be passed on not to one man but to a committee.

Mr. FULTON: But the subdistricts would have one chairman?

Major HAND: Whatever might be appointed.

The CHAIRMAN: Gentlemen, General Sansom would like to call on Mr. Prowse to supplement their brief.

Mr. PROWSE: Mr. Chairman, I would like to say a word about provincial chairmen. We discussed this matter at some length yesterday and I received rather definite instructions from my people in Alberta regarding the setting up of this committee. Provision would necessarily have to be made for out-of-pocket expenses; but if you set up at the top anywhere a paid servant the tendency all down the line is to shift the responsibility to the man who gets paid. If that happens you will get centralization and it will mean that your central office will be overworked. It will tend to build up a secretariat and you will lose the personal contact with the fund.

Now, regardless of the theory of whether you can get interested men or not, may I say that in the Legion we have been administering the poppy fund for many years and it has always been administered by volunteers, and we have been able to get, because we do not pay them, a type of man who is available to accept an honorary position, one who has a duty as a citizen. What we visualize is a provincial chairman retained for the province and he will have with him some people with whom he can check his own opinions. Then, we want the thing broken down to its lowest level. We have a particular problem in the west which you do not have in the east. If you look at the map of Alberta you will

see that we are considerably spread out. We have the Peace River country which is 300 miles north of Edmonton and places like Grande Prairie where we have train service twice a week. If this fund is to be any good the money has to be readily available. We have a nucleus working through the Legion branches and the rehabilitation committees. We have people interested in the veterans who will be glad to take this work on, and as we visualize this matter we want it as responsible as possible right down to the lowest level so that these matters are not just shoved on. Then your provincial chairman would have a supervisory job. He would get reports on what is happening and he would be able to advise, "You are going too far, or you are not going far enough." He would be responsible for the job rather than have a secretariat. We want the thing spread out so that it is made available to people who know the men who are making applications and know the circumstances. Because if it becomes a sort of civil service department, whether in the government or not, it is done on an impersonal basis and people stand on regulations because they have not got the facts to go on.

Mr. PROBE: Where do you suggest that the funds would be? Would you suggest imprest funds at a local level? Would you suggest provincial imprest funds that could be drawn on in a day or two? Or would you be content to have a canteen fund that remains at a central point without disbursing it at all?

Mr. PROWSE: We would want most of the fund kept for investment purposes at Ottawa, presumably, where it is under control. A small imprest fund would probably be needed to meet emergencies on the spot.

Mr. PROBE: Where? At the provincial level?

Mr. PROWSE: Below the provincial level, I think. It would have to be allocated down from the provincial level. There would be such places as Edmonton, Lethbridge, Calgary, Peace River, Vermilion, Jasper, Red River and Grande Prairie; get it spread out far enough so that help is within easy reach. Keep the sum small so that there is no temptation, because it is temptation that makes crooks in most cases. Suppose I need a fund at Vermilion of \$50 and a fellow comes in and I give him \$10. With the report of that, which would go in immediately, would go an indent to the central office at Edmonton for the replacement of my imprest fund. That imprest fund would get a replacement from the central fund in Ottawa.

Mr. CRUICKSHANK: Who would be responsible for the central fund in Alberta—the provincial government?

Mr. PROWSE: No, we do not want provincial governments coming in at all; we want it administered by this fund, separated from all government.

Mr. CRUICKSHANK: I had a reason for asking that because of what happened after the last war; unfortunately certain provinces forgot what the money was for—one province, anyway.

The CHAIRMAN: What would be the effect of that if it were known in local areas that there was at least \$50 in the hands of a local resident? If you gave out \$10 to a man to-day wouldn't you probably have four applicants for the other four tens by the next day?

Mr. PROWSE: I was brought up in a small town and I may say that the advantage is that you know everybody. Joe Soap comes in and wants \$10 and you are going to have one of your leading citizens administer that fund. It is not unusual for the mayor of the town to be president of the Legion and the head of the board of trade; this is the kind of man I visualize. For example, he is not going to be stuck. In Edmonton when we have the poppy fund it takes us a month to get wise to the fellow who is tapping the fund. They pay him off with a \$2 payment and when he comes back they are wise to him.

Mr. PROBE: Would you consider as an alternative instead of giving the individual the cash for whatever purpose he wanted it at the local level to give him an order on a merchant for the services that he wanted with your O.K.? And you would be struck as administrator in case the provincial group did not approve. Would that be of any advantage?

Mr. PROWSE: No, I think the money has got to be there. Going back to our experience with the poppy fund what they do in many cases—they give cash in many cases, but they prefer to do this: say a fellow wants a room for a week or so, they will give him an order on a rooming house and pay the cash. But the cash should be there. Suppose I am the local administrator and I needed \$100 or \$200 from the central fund to get started, unless the thing is watched a fellow has to go into his own pocket and that is where the trouble starts.

Mr. FULTON: What about the subcommittee chairmen who are actually doing this work? If you have it done in the individual localities at \$100 or \$150 or \$200 a year would his out-of-pocket expenses be covered? Would you go that far?

Mr. PROWSE: No, I will tell you why. It is hard to get a picture of how big this is. We have 2,400 Legion branches, and I presume we will have in Canada at least 2,400 subcommittees. Now, 2,400 subcommittees at \$100 apiece amounts to a quarter million dollars. That is going straight into honorariums. Another thing is that the moment the honorarium comes in, the moment there is money you get people who are after it—I do not care whether it is 50 cents—somebody wants that 50 cents, and if there is nothing in it you have to sell a man a public duty and in that way you get a different type of person.

Mr. FULTON: Your idea would be that none of the officials except the secretarial staff should be paid at all?

Mr. PROWSE: I say that nobody should be paid except the secretarial staff anyway, and the secretarial staff should be kept down to a minimum. One of the advantages of using the welfare department of the D.V.A., is that they would be called upon to do the work. They would not decide policy; the chairman would decide policy. However, if you have a paid secretary as a member of an organization what I am afraid will happen will be that the others will say let him do the work. Eventually you are going to have a paid secretary at \$100 a month who is making these decisions all the way across instead of having top flight business men and professional men who would be glad to do the work. I visualize some of the decisions being made at sub-committee level and that they should be encouraged to take the responsibility to make the decisions, and if they get out of line they will be told that they are out of line and not to do it again.

Mr. CRUICKSHANK: Is it not true that the air force fund is being administered that way now?

Mr. PROWSE: I do not know, sir. I cannot answer that. That is the way I visualize the thing; get it down low.

Mr. LENNARD: I have one criticism to make in the present case, I would eliminate the mayor of any municipality because he is still a politician.

The CHAIRMAN: I do not think there is anyone in this committee who is better qualified to spot a politician when he sees one than Mr. Lennard.

Now, gentlemen, just before the committee rises, I should like to take the opportunity of introducing to you the various members of the veterans' organizations who are here today. They have attended here to listen to our deliberations. There is listed T. J. Woodcock, representing the Sir Arthur Pearson Association for blinded sailors, soldiers and airmen. There is Mr. Prowse, to whom you have just listened. There is Mr. J. J. Kelly of Winnipeg; Mr. Gordon

Beaton of Sydney, Nova Scotia; Mr. A. Embury of Saskatchewan; Major J. S. Wright of Prince Edward Island; Colonel Gavan Power of the Quebec Provincial Command, Commander Horace E. Read, Great Lakes command, and Mr. T. Hunter of Windsor, representing the Ontario Command. They are all very modest fellows, practically none of whom have been given any rank although they are all veterans. Mr. B. M. Isman of British Columbia and Brigadier W. A. Anglin of New Brunswick were not able to be present. That constitutes the roster as it has been given to me. If I have missed any of them it is not my fault.

Now, unless there are some other questions, we have reached the end of our session.

Mr. CRUICKSHANK: May I ask Colonel MacIntyre a question? Have you disposed of all the Canadian Legion hostels?

Colonel MACINTYRE: Yes, they were practically all closed out last year—everything we owned we sold last year. I think I know the one you are talking about in Chilliwack. The title is not in our name; it is in the name of the Crown. I did everything I could there. When the title was in our name we sold them.

The CHAIRMAN: Captain Woodcock would like to say a word to the committee.

Captain T. J. WOODCOCK: Yes, Mr. Chairman; I should like to say a few words to the committee. I think we have eliminated or skipped some of the problems that are going to confront some of these committees. I agree mainly with the gentleman who spoke to us now, but we must not forget that we are not all supermen, and any person dealing with welfare work—I have had a dose of it since I came back—is confronted with every type of problem under the sun. I have had two years' experience now and I am still not qualified to deal with all the problems I am confronted with. So, whatever you do, gentlemen, try to have something fluid enough to cut out red tape. So that the veteran can get assistance try to have some qualified men across this country completely segregated and in no way connected with any organization other than the canteen fund, who are qualified to make decisions in the cases of some of these boys. My friend spoke of living in a village, and may I say that I lived in a village before I went to Toronto, and I know that we have to refer some of our problems to someone who is qualified to make decisions. These problems are domestic and financial mainly.

Mr. CRUICKSHANK: If you are going to eliminate these people who are you going to get? If you eliminate the president of the Legion or anybody else, where are you going to get responsible citizens?

Captain WOODCOCK: I am not suggesting they eliminate the Legion or any veterans' organization, but they should be set up under a different title, under the army canteen fund. We have splendid men in our veterans' organizations. They are the men who have taken the leadership; but do not put in the president of the Legion to handle the fund; put him in as canteen fund president with a board under him.

The CHAIRMAN: Captain Woodcock, would you favour the practice followed by both of the other service funds, of calling in the local welfare organizations for consultation in some of these matters.

Captain WOODCOCK: Definitely, yes; and there again comes the superman. I do not believe any one man in veterans' affairs knows all the answers with regard to pensions and various veterans' allowances, and what a man is entitled to. It is going to take a committee to actually do good work on some of those

cases. They are going to have to contact the Veterans' Affairs Department and other organizations in the big cities. I had one case the other day. I called on the Salvation Army and the Red Cross, trying to put my finger on this one man's problem--before it was solved. That is what I anticipate in dealing with veterans' problems.

The CHAIRMAN: Thank you, Captain Woodcock and gentlemen. We will meet again on Friday. I wish to meet with the steering committee for a moment or two.

The committee adjourned to meet again on Friday, May 2, 1947 at 11 a.m.









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( SESSION 1947 )

( HOUSE OF COMMONS )

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SPECIAL COMMITTEE

( ON )

# CANTEEN FUNDS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

FRIDAY, MAY 2, 1947

## WITNESSES:

Mr. W. S. Woods, Deputy Minister, Mr. T. J. Rutherford, Director General of Rehabilitation, and Mr. A. M. Wright, Director of Rehabilitation, Department of Veterans Affairs; Colonel A. W. O. Stewart, President, Regimental Funds Board, Department of National Defence.

OTTAWA  
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1947





## MINUTES OF PROCEEDINGS

FRIDAY, May 2, 1947.

The Special Committee on Canteen Funds met at 11.00 o'clock a.m., the Chairman, Mr. L. A. Mutch, presiding.

*Members present:* Messrs. Brooks, Emmerson, Langlois, Lennard, Marshall, Mutch, Winkler, Wright.

*In attendance:* Mr. W. S. Woods, C.M.G., Deputy Minister, Mr. T. J. Rutherford, Director General of Rehabilitation, and Mr. A. M. Wright, Director of Rehabilitation, Department of Veterans Affairs; Colonel A. W. O. Stewart, President, Regimental Funds Board, Department of National Defence.

Mr. Woods was called, read a letter from the Honourable the Minister of Veterans Affairs to the Chairman of the Committee outlining the views of the Department in respect to the disposition of Army canteen funds. and was questioned.

Mr. Woods filed a copy of the *Regulations Governing the Distribution of Army Interim Benevolent Fund*, which is printed as Appendix "A" to this day's minutes of proceedings and evidence.

Mr. Wright was called and questioned.

The witnesses retired.

At 12 o'clock noon the Committee adjourned until Monday, May 5, at 11 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 2, 1947.

The Special Committee on Canteen Funds met this day at 11.00 a.m. The Chairman, Mr. L. A. Mutch, presided.

The CHAIRMAN: Well gentlemen, this morning, before we ask the deputy minister of Veteran's Affairs to give us the benefit of the deliberations of that department which has had long association with canteen funds and veteran's affairs generally, I think I would like to read into the record, or have the secretary read into the records, a letter which I received from the minister the other day. In it he makes some general observations. I might ask the deputy minister if he is incorporating this in his submission.

Mr. Woods: That comprises our department's report.

The CHAIRMAN: It does? Well in that case I will leave it and let you explain it.

Colonel Brooks: It is from the minister of the Department of Veteran's Affairs.

The CHAIRMAN: It is from the minister, and the deputy minister, Mr. Woods, is here to enlarge on it. I think you might just read it, Mr. Woods, and explain it as you go along.

### **Walter S. Woods, C.M.G., Deputy Minister of Veterans Affairs, called:**

The WITNESS: I want to apologize, Mr. Chairman, and gentlemen, for being fifteen minutes late, but I had to attend a meeting of the cabinet committee on demobilization and rehabilitation. I would not have let anything else interfere with my attendance.

This letter is from my minister, the Honourable Mr. Ian Mackenzie.

April 19, 1947.

DEAR MR. MUTCH,—The views of this department are still substantially the same as expressed in the interim report of the subcommittee on the administration of special funds which was made to the special parliamentary committee on canteen funds (1942) and recorded in No. 1 of the printed proceedings of that committee, appendix "F", except insofar as the proposals therein made have already been provided for by rehabilitation legislation.

These views may be summarized as follows:

That the funds should be administered under an act of the parliament of Canada, which Act might provide that:—

(1) The canteen funds be held in trusteeship by the Receiver General of Canada.

(2) The disposition of these funds should be in accordance with a policy established within the Act by a central board of five members consisting of representative veterans of the three armed forces, the Canadian Legion, and the National Council of War Veterans' Organizations.

(3) This central board could be complimented by regional advisory committees of five local representatives paralleling that of the central board. These regional committees to be responsible for the use of canteen funds in accordance with established policy.

(4) It is respectfully suggested that consideration might be given to the possibility of the Department of Veterans Affairs being made an auxiliary administrative complement of the central board and the regional advisory committees. This department has been charged with the responsibility of the welfare of veterans within the limits of statutory legislation. To this end administrative organizations have been established in seventeen districts across Canada, each with its rehabilitation branch, social service and files on the individual veteran.

This department is willing to co-operate by providing secretariate for the central board, and by making available to advisory committees the facilities of our district organizations.

(5) It is also suggested that should the services of this department be utilized that district (regional) advisory committees be empowered to authorize or decline applications for assistance from the canteen fund, but that any information or assistance that can be given as an aid in arriving at a decision would be made available from the district offices of this department.

Respectfully submitted.

That, briefly, sir, with minor changes, represents the suggestions made by the parliamentary committee under Doctor Cyrus MacMillan in 1942. It proposed independent administration by a national board of trustees on which is represented veteran's organizations and it proposed smaller district members that would reflect the policy laid down by the national board. The services of our department are merely offered because we have the files on the men showing their needs, their physical impairments, and that kind of thing. We have a social services division which would assist the local committees in making their investigations as to local canteen funds requirements. It is not proposed that our department should control the policy in any way but it would merely act as a secretariate and administrative department but the fund would be entirely independent. We have not mentioned in this brief the question of the present benevolent fund administered by the navy and air force. It is possible that some standard policy would arise if the three funds were consolidated under one administration. However, while we are advocating that we realize it does not come within the terms of reference of this committee. I just want to add that these two funds have given us the fullest co-operation. We are interested in bringing relief to veterans and we have received the fullest co-operation from these two benevolent funds. We have no complaints and we are not suggesting the matter of consolidation.

The CHAIRMAN: Does your experience confirm the evidence we have had here that the Navy Benevolent Fund and the Air Force Benevolent Fund are in point of fact doing two things. The first is to refer the things they discover, which your department properly takes care of, to your department promptly, and, secondly, they are availing themselves of your facilities in your social services branch?

The WITNESS: I would say, generally speaking, that is true. There is a little difference throughout the districts but generally that is true. They are availing themselves of those services.

Mr. LENNARD: I imagine that would always be the case no matter what the setup was.

The CHAIRMAN: In effect, the minister offers this morning the assistance that his department could give to the new setup.

The WITNESS: Exactly.

Colonel BROOKS: That is practically the same recommendation as was made by the Canadian Legion the other day.

The WITNESS: I would say, Mr. Chairman, that Colonel Brooks is quite right there. The Canadian Legion submission reached us after our own submission was passed to the minister, but I did notice that we are thinking along the same lines. There is no essential difference.

The CHAIRMAN: I should state that this submission from the minister is dated April 19. I have had it for some time.

The WITNESS: There is one advantage, Mr. Chairman, in using the Department of Veterans' Affairs in an advisory capacity or a secretariate. That is that we could certainly inform the committee whether assistance was available through any other source to meet the situation that the veteran might find himself in.

Colonel BROOKS: They would really have to consult your representatives anyway.

The WITNESS: I think it would be a logical thing for them to do.

The CHAIRMAN: The essence of the value, or the help which you could give, would lie in the speed with which you could deal with the situation locally, and the nearest source of information is your office?

Mr. WRIGHT: That is a point which I think is very important. The Department of Veterans Affairs have branches in most outlying districts which can be consulted readily and which the veterans in those districts know of and therefore I think the fund would be in a better position to take care of the needs of the veterans through the applications to the officers of the Veterans' Land Act and other sources outside of their own branches of the Legion. I think probably the Department of Veterans Affairs are as widely distributed as the branches of the Legion are.

*By the Chairman:*

Q. I think that is correct. The Department of Veterans Affairs has seventeen main outlets.—A. Seventeen main offices and we have representatives at many other points.

Q. The committee might desire to think of this. Would it be desirable in order to get the broader scope which the veterans' organization suggests, we might consider whether it would be advisable to set up a regional committee or canteen fund board on broadly the same basis as the seventeen outlets of the D.V.A. It might be something to consider. I do not know what the committee thinks. I have not thought it would be possible to expand it to the extent for instance that the R.C.A.F. would like, that is wherever two or three are gathered together they would like to have their own representatives. Theirs is, in a sense, their own fund, but this is a national fund.—A. Mr. Chairman, I do not know whether your committee is going to give consideration to the purpose for which the canteen fund boards exist. I do not know whether you are going into that.

Q. We are.—A. In that event then, is the committee aware that \$50,000 of army canteen funds has already been turned over to our department to administer and that fund is being administered right now. It might be of some benefit to the members if I tabled with you the instructions regarding the expenditure of that \$50,000 and outlined the situations for which it may be used.

Q. I think probably we might publish that as an appendix to today's meeting.

Mr. MARSHALL: I think you might tell us briefly, in a minute or two, just what the instructions covered.—A. There is for example, assistance in applying for prosthetic appliances, that is orthopaedic boots, trusses, and so forth, where the applicant is not entitled to receive them through a war disability. We have many amputations amongst the veterans which are not due to war service. Some of the things for which the fund may be used are:—

- (a) To assist in providing prosthetic appliances where the applicant is not eligible for departmental assistance and where such assistance will tend to make the applicant self-supporting.
- (b) To provide assistance in meeting hospital and medical bills, or defraying funeral expenses, where the attempted payment of which by the veteran would cause distress.
- (c) Provision of transportation to permit the acceptance of a firm employment offer.

It is suggested the purposes for which the fund may not be used are as follows:—

- (a) No application in the category of "direct relief" will be considered.
- (b) To assist an applicant who is not making satisfactory efforts to solve his or her own difficulties, though capable of so doing.
- (c) To pay debts incurred for non-essentials, (i.e. luxuries) or to attain a standard of living beyond the means of the applicant.
- (d) To provide assistance of a continuing nature.
- (e) Where assistance from other sources is available.

Mr. WRIGHT: With regard to that last one, "where assistance from other sources is available." That is going to run into some difficulty in respect to areas where there are much less services available than in others. Now you take in certain areas in Manitoba there are medical health districts where the area assumes all the responsibility for medical health. The same applies in certain areas in Saskatchewan, and I believe, in British Columbia and Alberta. On the other hand there are areas in the dominion where no such services are available to the veteran. It is a problem which I do not know just how you could solve.

The CHAIRMAN: I think we will have to rely on the local people who know what the facilities are. I think that is one argument for the widely diversified boards.

The WITNESS: We also feel, although it is not embodied in the instructions regarding this \$50,000, because the \$50,000 would not be enough to make an impression on the problem, that when the larger fund becomes available it might be well to use part of it to provide scholarships for fatherless children of veterans.

The CHAIRMAN: Scholarships or bursaries?

The WITNESS: Both.

*By Mr. Marshall:*

Q. Well could you tell us what the situation is. Here is a man in a very small town or village, how does he proceed to qualify for some of this money you have?—A. All applicants must apply for assistance on a form, a copy of which is attached here, and the applications will be forwarded to the nearest district office of our department. We have asked the Canadian Legion to circularize all their branches, giving them a copy of the circular.

Q. Are the application forms in the hands of the Canadian Legion?—A. I am not sure whether they have been sent out to the various branches but they have them.

I did not notice that we had Brigadier Rutherford, the director of our rehabilitation department, with us. He might have something to add to the remarks that I have made, with the committee's permission.

Q. Well, would you mind just continuing for a moment. We will say an application is received and it goes into Calgary, or Edmonton, and then what happens?—A. It is considered by the committee.

Q. Who constitutes the committee?—A. I beg pardon?

Q. How many are on that committee?—A. It is proposed the committee will comprise the chairman to be approved by the minister, a member of the Department of Veterans' Affairs, who will also act as secretary, a representative selected by the National Council of War Veterans' Associations in Canada, and a representative selected by the Canadian Legion.

Q. Is that in the province?—A. That is right. That is in our district.

Q. Within the province?—A. Yes, we have two districts, for example, in northern and southern Alberta, and we have five in Ontario. Such a committee would be set up in each district.

Q. Have you an imprest fund, say, in Edinonton, that could be administered?  
—A. Yes.

Q. Without referring it to a central committee?—A. Definitely; control of it is decentralized through the movement of these committees. We have set up no national committee for the expenditure of this \$50,000. We were tempted to, but General Crerar, whom we wanted to act as chairman of the committee, was not available, and we thought perhaps that this was too small a fund to ask men of that calibre to sit on.

Q. You are now suggesting that this idea we enlarged upon?—A. Yes, the same principle.

The CHAIRMAN: I should think that ultimately, if there is a great difference between the suggestions from this committee and the regulations supplementing the Act we shall eventually produce—if there is a great difference from the regulations which are presently being used to administer that \$50,000 which has been turned over to D.V.A., there would have to be a coordination.

The WITNESS: Yes.

Mr. BROOKS: This fund is being set up until such time as parliament sets up this other committee on our recommendation?

The CHAIRMAN: I think it will continue until we have spent the money, but the purpose of it was temporarily to bridge the gap so that somebody could get some of this money. But that \$50,000 is gone as far as this fund is concerned.

Mr. MARSHALL: Has it all been used?

The WITNESS: They only gave us the \$50,000 a month ago. Our instructions went out on March 27.

Major WRIGHT: We have given authority to the districts to expend on their own volition up to \$50, and we will not get their returns until the 7th of this month; but anything over \$50 is referred to the head office. Of the three cases they got in one has already been approved and two tentatively approved. There was one case of an amputation; there was a case of funeral expenses, and the third case was the question of the payment of hospital expenses for a veteran's wife. These are the only three cases referred.

Mr. BROOKS: Could not the Last Post fund be used for funeral expenses?

Major WRIGHT: This was a case where a veteran unfortunately committed suicide and his father arranged for the payment of the funeral expenses; and there is a residue they are trying to collect for the widow who is in hospital.

Mr. BROOKS: It seems to me that that is a case where the Last Post fund would come in; and those are the cases we are speaking about investigating to see if there is money for other cases.

The WITNESS: Would the Last Post fund take care of that case?

Major WRIGHT: In this case the father undertook to pay the funeral expenses which amounted to \$420.

Mr. BROOKS: There is the difference between what the father paid and the Last Post fund.

Major WRIGHT: The funeral expenses were excessive.

Mr. LENNARD: Is not \$150 allowed under the Last Post fund?

The CHAIRMAN: \$100, I think it is.

Mr. LENNARD: In this case I think the \$100 could come from the Last Post fund.

The CHAIRMAN: There is no problem where the death is the death of the veteran himself, when applications to the fund are made with respect to funeral expenses; it is for funerals of the dependents of the veterans.

Mr. LENNARD: There were many cases in the first great war where the widow got the allowance.

The CHAIRMAN: Generally speaking, the Last Post fund does take care of the veteran himself and not in the case of death of the dependents; that is where most of the hardship comes in.

Mr. BROOKS: I cannot understand in this case whether it was the soldier or the father of the soldier: was it a returned soldier who committed suicide?

Major WRIGHT: Yes. The Last Post fund, as far as I know, only applies in cases where there are no means. In this case the father arranged for the funeral at the expense of \$420.

Mr. LENNARD: How did it happen that there was no other apparent means of having that looked after? There is no reason why the father or a relative nearest removed should be stuck with the funeral expenses. There is a fund provided to assist.

Major WRIGHT: In this case we are asking for information.

The CHAIRMAN: Even if he got the Last Post assistance there is still \$320 left.

Mr. LENNARD: It is a help, anyway. Why should the father be stuck; he may need every cent he has in his old age.

The CHAIRMAN: Had he applied for the money I do not think there is any question that he would have got it.

Mr. LENNARD: He probably did not know about it.

The WITNESS: It would be well to explore the situation.

The CHAIRMAN: There are two points that arise and while Mr. Woods is here we should deal with them. A recommendation has been made by the Canadian Legion and there is an offer made by the department to use the facilities of the D.V.A. in a clerical capacity at various levels. That, I think, was suggested by the veterans' organizations as a form of co-operation and economy, and it is appreciated as a generous offer on the part of the D.V.A. I think the committee should consider that matter and jointly with it the suggestion made by the Canadian Legion specifically that their officers and offices might be used in this respect. I think we should consider carefully the difficulties in permitting the governors of this fund to accept these offers specifically in jobs which would likely be paid—at the clerical level. I think we should all think about this point before we meet to discuss it; we should consider the degree to which we can accept actual services either from the Legion or from the department, other than in the capacity of advisers and friends.

Mr. LENNARD: Is not that something to discuss later on?

The CHAIRMAN: I raise the point only to see if Mr. Woods might appreciate the fact that there is no lack of appreciation of the offer on our part; but I think we will have to consider the degree to which a disgruntled veteran at some future date might say, "Oh, well, there are too many employees of government departments in this country mixed in this."

Mr. LENNARD: It could be.

The CHAIRMAN: Yes, it could be. And someone else who belongs to a different veterans' organization might say, "The committee have put this in the lap of the Legion."

Mr. LENNARD: As I understand it, there is also representation of the younger veterans' associations in addition to the Legion.

The CHAIRMAN: At the high level.

Mr. LENNARD: No, the districts.

The WITNESS: That is the plan for the expenditure of this \$50,000.

Mr. LENNARD: One representative of the Legion and the combined organization?

The WITNESS: Yes, for example, in the southern Calgary district that would mean probably a representative of the army and navy, because the army and navy are members of this Allied Veterans' Council.

Mr. WRIGHT: That would not apply to outlying districts because these other veterans' organizations as a rule have no representatives, branches or offices.

Mr. LENNARD: In that case would it not be up to the Legion and the combined veterans' associations to appoint two representatives? That is for a certain district.

The CHAIRMAN: To recommend; not to appoint.

The WITNESS: It was our suggestion that the local committees be confined to seventeen, where we have administrative headquarters, and that applications be sent in to be dealt with. In outlying places the Canadian Legion can accept applications of any veterans' organization. We question the wisdom of setting up a committee.

Mr. LENNARD: Those cases would be settled at points where you have representation?

The WITNESS: Yes, and in the centres where we have offices. There will be Legion offices and also army, navy and other organizations that are members of this Allied Veterans' organization.

*By Mr. Wright:*

Q. When you are speaking of the seventeen offices of the veterans' department, there are other branch offices besides those, are there not?—A. We have what is known as offices and sub-offices.

Q. You have the district offices in the province of Saskatchewan?—A. Yes.

Q. Are they included in the seventeen?—A. There is Regina and Saskatoon.

Q. You have a branch at Tisdale and another one in Melford?—A. Where we have a veterans' representative; but we would not contemplate setting up a committee in those places that have power to expend the fund; there would be forwarding offices.

Q. That is the point I want to raise, because in Saskatchewan I think that these offices should have an imprest fund that they could draw on.

Mr. LENNARD: They have.

Mr. WRIGHT: Your branch offices.

The WITNESS: Our branch offices have; but we have no branch office as such in Tisdale.

*Br Mr. Wright:*

Q. You have a district there and an office there in which you have four employees who are in constant contact with all the veterans in that district.  
—A. Are they Veterans' Land Act employees?

Q. Yes, they are Veterans' Land Act employees. I think those people have an imprest fund. They are the people who are known to the ordinary veteran out in the districts; he does not know your Prince Albert office or your Saskatoon office. They are 150 miles away, and he does not know the offices are there. These other men are constantly going through the district and they are the men who are in close contact with the soldiers and to whom they would naturally apply in case of emergency.

Mr. LENNARD: Is there a Legion branch?

Mr. WRIGHT: Yes.

Mr. LENNARD: Where there is a branch of the Legion, do they not make the recommendation?

The WITNESS: Yes.

The CHAIRMAN: The first thing the average soldier veteran does when he gets into a jam is to go to the Legion, not to the nearest representative of the D.V.A.

Mr. WRIGHT: Let me explain the position. Probably you people in the cities do not realize the difficulties there are in the country. The D.V.A. officer there covers a territory of probably 60 or 70 square miles. Now, suppose there is a soldier 50 miles away from Tisdale and he does not belong to the Legion there, he does not know the Legion officials there, but he does know the D.V.A. representative who goes through the whole district and with whom he deals in many cases under the Veterans' Land Act. It may be that his neighbour is dealing with him. I think he is the person who would normally be the first to know all the circumstances. Now, probably that man has not got a car.

The CHAIRMAN: That man being an employee of the D.V.A. and a veteran himself knows the situation and he will be asked for information in these cases. I do not want anybody putting his hand in his pocket and saying "Here is fifteen bucks from the army and navy canteen fund." I am afraid of the tie-up with the civil service, and the actual administration of the cash reflecting ultimately upon the civil servant. He will be accused, especially if he is a servant of the D.V.A. of helping John Jones and thumbing his nose at Brown across the road.

Mr. WRIGHT: I know from personal experience in the last war and I know from personal experience, having been in contact with the boys coming back from this war, there is a large number of them who are just not close enough to the source of this fund to get any benefit from it at all, unless you are going to distribute it on a more decentralized basis. The emergency arises out there, a man or his wife takes sick and has to be rushed to the hospital. How is he going to contact Prince Albert, 150 miles away?

Mr. LENNARD: Where is the hospital?

Mr. MARSHALL: In emergency cases the matter is usually taken care of by the municipality temporarily.

The WITNESS: I am a great believer in decentralization myself. The members of the committee, many of whom were members of the Parliamentary Committees on Veterans Affairs, will remember that we have decentralized the administration in practically everything. Our district offices have power to send boys to universities, give vocational loans and things like that. Nothing is referred to Ottawa. It comes to us at the end of the month. However, decentralization can be over done. Personally, I would not like to think that our representatives in Tisdale, while they enjoy our confidence, of course, I

would not like to feel they would have the power to approve the purchase of a farm.

In order to adhere to whatever policy this committee suggests to the government and to keep our local committees within the pattern of that policy, if you over decentralize it can be equally confusing. In an emergency in Tisdale, you could reach Saskatoon in an hour and a half. Our representatives can get in touch with the local Canteen Committee and get their o.k. in an hour or two.

*By Mr. Marshall:*

Q. What would be the size of the imprest fund which would be held say at Saskatoon, Calgary or Edmonton?—A. \$50,000 has been divided on the basis of the veteran population in that community. We know how many veterans have enlisted from that general area. We divide the fund accordingly and give them a fund according to the strength of the committee.

Mr. WRIGHT: I was not speaking of your fund I was speaking of our final recommendation for the fund with which we are dealing. I realize your position on the \$50,000. Probably I had better leave this discussion for the moment and resume it when we go into committee on the actual fund.

Mr. LENNARD: We need not take up the time of the committee this morning on this one particular aspect. We want to get all the information we can while we have the witness here.

*Br. Mr. Wright:*

Q. There is one question which I should like to ask Mr. Wood with respect to the \$50,000 which will be expended probably within the next three to six months. In the meantime we will have set up this fund which we are considering at the present time. Would it be your department's wish that you receive a further grant, or is this \$50,000 just a temporary thing to carry over until such time as the army fund is allocated?—A. If the \$50,000 is expended before your legislation is proclaimed, we may have to come back to the government and ask for a further amount.

*By Mr. Brooks:*

Q. It depends on the number of applications you receive. You have only received three, so far as we know?—A. Those were the only three which were referred to the head office because they exceeded \$50. The local committee is given the power to expend, without reference to us at all, up to \$50 in the individual case.

Q. You have no idea how many applications are coming in?—A. No, the return will be made on the 7th of May.

The CHAIRMAN: There are some applications being made because I have had expressions of appreciation from Manitoba that the money was presently available.

The WITNESS: In so far as any suspicion that civil servants will be inclined to be parsimonious with this fund is concerned, I am sure we need not remind this committee we have been pounding for a long time to get this fund because of the cases of distress we desired to help.

The CHAIRMAN: At your level, I do not think there would be any suspicion amongst the veterans. What I wanted to get, and that is why I allowed this debate to continue, I feel and I think everyone feels that the source of information and contact available to our veterans in the western country particularly, is rather limited. I have not always lived in the city and I know about these conditions. This is going to put the employee of the D.V.A. in a position where he is going to be the fellow who is going to say to the veteran, "Listen, you are in trouble, why don't you get in touch with so and so; there is money there for you." I was only hesitating at the point of having him say, "Why, I can let

you have \$15." I would not want that power if I had his job, I would not care to have his job in any event, but I would not want that power. I think that power is best given by having him say, "I will 'phone Saskatoon and put them in touch with your situation right away." Under those circumstances many will receive help who would not have had it at all. If we receive co-operation from the D.V.A. and I am sure we will, many of those people will receive help who would not otherwise know about the fund. I do not think this representative should carry the authority or the money in his pocket to do it himself.

Mr. BROOKS: Of course, we are getting away from the principle altogether. The principle is, not to make a government department responsible for this, but to make the returned soldiers themselves responsible with direction from some governmental department.

The CHAIRMAN: All Mr. Woods has attempted to do is to offer the facilities of his department to assist, that is the way I understood it. Are there any further questions of Mr. Woods?

Mr. BROOKS: I think that temporary set-up as explained by Mr. Woods should be very satisfactory until such time as we can get a permanent set-up.

The CHAIRMAN: Well then, gentlemen, there is one other thing. The minister has made it known that Brigadier de Lalanne, who is more or less a permanent resident in Ottawa in connection with this freight rate investigation, is in the city, and, while he has no desire to intrude on our discussion, he is available if the committee desires to hear from him. He would be glad to come at any time we can arrange.

Outside of that, we have no further representations to be made to us and, if the committee will concur in this procedure, I think we might meet in camera on Monday and begin our discussions of the recommendations before us. The clerk, in the interval, if he has not already done so, will prepare something of a resume of the main suggestions before us. He will not attempt to write a draft report until we have had that discussion. On the conclusion of that preliminary discussion, if you desire to call Brigadier de Lalanne, I know he would be glad to come.

Perhaps I am getting a little ahead of myself. I meant to say that one week from to-day we would begin those discussions. On Monday, I think we have the Department of National Defence, Colonel Stewart, to give us a little more definite picture as to how much money we have and, perhaps, Alex Ross, the Assistant Associate Deputy Minister, who appeared at the first meeting. I think he has some supplementary information to give us. If we could arrange to have them heard on Monday, would it be your pleasure to commence the discussion on the Friday?

Mr. BROOKS: You spoke about the secretary preparing a resume of the recommendations which have been made. Could that be in our hands before the meeting in which we discuss our report so we can study it?

The CHAIRMAN: He is a hardworker and has other duties, but I think he would try to do that.

Mr. LENNARD: It might be shorter and more to the point if he has not too much time to prepare it.

The CHAIRMAN: Generally speaking, we get our best work from the busiest men. We have attempted to make our meetings as short as possible and not put in the two hours by hearing speeches from the chairman.

The committee adjourned at 12.00 noon to meet again on Monday, May 5, 1947.

**APPENDIX "A"**

File: 9-24

**DEPARTMENT OF VETERANS AFFAIRS**

OTTAWA, March 25, 1947.

**To:** All District Administrators  
Western Regional Administrator  
Eastern Regional Administrator  
All Others Concerned.

**Subject:** Regulations Governing the Distribution of  
*Army Interim Benevolent Fund*

**The Fund**

1. The sum of \$50,000 has been allocated by Treasury Board from the Central Trust Fund of the Department of National Defence (Army) to the Minister of the Department of Veterans Affairs to be expended on his requisition by him or such agency or agencies as he may direct by way of a loan or grant for the benefit of former members of the Canadian Army and their dependents where special assistance is necessary to prevent hardship, relieve misfortune, or to meet domestic emergencies.

**Authority**

2. P.C. 38/850 dated 7-3-47 (copy of which is attached) is the authority.

**Advisory Committee**

3. To advise the Minister of Veterans Affairs regarding the policy to be followed in the distribution of these Funds, a Central Army Interim Benevolent Fund Committee will be formed. It is proposed that this Committee will comprise:—

- (a) A Chairman to be selected by the Minister.
- (b) A Member of the Department of Veterans Affairs who will also act as Secretary.
- (c) A Representative selected by the National Council of Veterans' Associations in Canada.
- (d) A Representative selected by the Canadian Legion, B.E.S.L.

**Head Office Administrative Committee**

4. A committee will be set up at Head Office, D.V.A., consisting of:

- The Director Veterans Welfare,
- A. M. Wright, Esq. (Chairman)
- The A/Chief Welfare Officer,
- J. W. Johnson, Esq. (Vice Chairman)
- Supervisor of Out-of-Work Allowances,
- J. P. Bradley, Esq. (Secretary)
- Supervisor of Casualty Rehabilitation,
- E. A. Dunlop, Esq.
- Chief, Allowances and Benefit Section,
- E. C. Forrest, Esq.

*District Office Administrative Committees*

5. The District Administrator will be responsible for the receipt and distribution of any moneys allotted to his District from the Army Interim Benevolent Fund and the selection of a District Administrative Committee from the staff of the District Office of the Department of Veterans Affairs.

Full use will, of course, be made in the Districts of the District Medical Officer, the District Solicitor and the Supervisor of Social Service where required.

P.R. 19756

6. The Minister is now arranging for the appointment of members to the Advisory Committee.

7. In the meantime, a proportion of these Funds will be made available to your District Treasury Office. Applications for assistance may therefore be approved by your Committee and passed for payment to your District Treasury Officer in accordance with the regulations outlined herein.

8. Immediately on receipt of these instructions the District Administrator will inform the District Treasury Officer and the Secretary of the Central Committee of the names of the personnel of District Committees and of those authorized to approve payment of loans or grants under these regulations.

*Purposes for Which the Fund May Be Used*

9. As outlined in the above Order, assistance may be provided by way of loan or grant where special assistance is necessary to prevent hardship, to relieve misfortune or to meet domestic emergencies.

It is not possible rigidly to define distress. The following notes, however, may be taken as a guide, each case being considered on its merits. District Committees should be practical and aim at preserving the applicant's self-respect and initiative. Examples of the type of case for which assistance from this Fund may be granted are as follows:—

- (a) To assist in providing prosthetic appliances where the applicant is not eligible for Departmental assistance and where such assistance will tend to make the applicant self-supporting.
- (b) To provide assistance in meeting hospital and medical bills, or defraying funeral expenses, where the attempted payment of which by the veteran would cause distress.
- (c) Provision of transportation to permit the acceptance of a firm employment offer.

*Purposes for Which the Fund May Not Be Used*

- 10. (a) No application in the category of "Direct Relief" will be considered.
- (b) To assist an applicant who is not making satisfactory efforts to solve his or her own difficulties, though capable of so doing.
- (c) To pay debts incurred for non-essentials, (i.e. luxuries) or to attain a standard of living beyond the means of the applicant.
- (d) To provide assistance of a continuing nature.
- (e) Where assistance from other sources is available.

*Eligibility*

- 11. Those eligible for assistance are as follows:

- (a) Ex-Army personnel of World War II.  
(N.B.—Applications from dishonourably discharged personnel will be referred to Head Office for consideration.)
- (b) Immediate dependents of deceased ex-Army personnel of World War II.
- (c) Immediate dependents of ex-Army personnel of World War II.

### *Method of Application*

12. All applicants must apply for assistance on the form provided, copy of which is attached hereto. Supplies of this form will be mimeographed at District Offices.

13. Ordinarily where assistance is required for the wife or child of an eligible applicant, application will be made by the man himself on behalf of the wife. Application for assistance may, however, be considered from the wife of an eligible ex-serviceman on her own behalf or that of a child where such assistance does not contribute to separation.

e.g.—A war bride who wishes to return to her country because of a dislike for conditions as she finds them in Canada, would hardly merit assistance. However, the case of a war bride deserted or stranded through no fault of her own should receive every consideration.

### *Payments from District Office*

14. Following careful investigation, payment may be authorized by District Administrators either as loan or grant up to \$50.

15. In considering applications for assistance, loans will be made rather than grants in those cases where investigation indicates that the applicant should be able to reimburse the Fund.

16. In the case of loans, a promissory note (see model attached) will in all cases be obtained from the applicant.

17. Payments will in all cases be made by cheque to the vendor of goods or services rendered to the applicant, but not direct to the applicant.

18. One copy of the application form of all approved applicants will be sent without delay to the Secretary, Army Interim Benevolent Fund at Head Office.

### *Decision Required from Head Office*

19. Applications for assistance in excess of Fifty (50) Dollars must be referred to the Secretary of the Central Committee supported by all relevant details, and accompanied by two copies of the completed application form, one of which will be returned to the District of origin when a decision has been made. (N.B.—In cases of extreme urgency financial assistance up to \$50 may be authorized by the District pending a ruling from the Secretary of the Central Committee.)

20. The maximum amount of an individual application approved will not exceed One Hundred (100) Dollars in any given case. Further assistance may be made only on approval from Head Office.

### *Records in District Office*

21. The District Administrator will maintain a record of receipts and payments from the District Allotment of this Fund showing service number and full name of the qualifying ex-service personnel, and reason for which assistance was granted.

22. A monthly report will be submitted to the Secretary of the Central Committee, not later than the 7th of the following month, showing number, name, amount, reason for assistance, and total payments made during the month. (N.B.—A "nil" report will be made if no payments have been authorized during the month.)

### *Instructions Involving District Treasury Officer*

23. A separate trust fund will be established, known as the "Army Interim Benevolent Fund" and the account number will be 38. Each payment authorized from the Fund will be initiated on DVA Form 36, numbered in sequence, and

submitted to the District Treasury Officer in triplicate. One copy will be returned by the District Treasury Officer with the cheque, to the Secretary of the District Committee.

24. A direct entry for each cheque issued will be made on the voucher register, and will be allocated to the District Institution O.O. and S.O. 1348 for grants and donations, and S.O. 1349 for loans from the Fund. A debit posting will be made in the trust account for each amount paid. The cheque number will be inserted, together with the serial number of the Form 36.

Where loans are made and a promissory note given by the veteran, an individual ledger sheet shall be opened, recording the amount loaned and any repayments, as they are received. Promissory notes shall be held by the D.T.O. until the loan is repaid in full.

25. The balance available in the trust account set up for the purpose will be reported on Form 563 under a separate heading at the close of each month's business. The heading used will be "Army Interim Benevolent Fund."

26. All repayments of loans will be credited to S.O. 1349 and posted to the Loanee's individual account, should any veteran wish to repay any amount that was originally issued in the form of a grant or donation, the amount will be credited to S.O. 1348. Repayments of the latter type should be recorded on the man's file.

#### *Correspondence*

27. All correspondence on this subject will be addressed to Director General of Rehabilitation, attention Secretary, Army Interim Benevolent Fund.

H. SLOMAN,  
*Chief Treasury Officer.*

Ottawa, Ont.,  
March 25, 1947.

T. J. RUTHERFORD,  
*Director General of Rehabilitation.*

IH/10

P.C. 38/850

Certified to be a true copy of a Minute of a Meeting of the Treasury Board,  
approved by His Excellency the Governor General in Council, on the  
7th March, 1947.

## NATIONAL DEFENCE:

The Board had under consideration a memorandum from the Honourable the Minister of National Defence reporting that:—

- (a) By Order in Council P.C. 68/3910, dated 18th September, 1946, Your Excellency in Council was pleased to order that profits from canteens operated by Auxiliary Service Organizations for the benefit of members of the armed forces which have been deposited with the Receiver General of Canada, should remain on deposit with the Receiver General and be kept in a separate fund to be known as "The Central Trust Fund of the Army, Navy and Air Force Canteens" and should be held as trust moneys to be spent from time to time for the benefit and welfare of members and ex-members and in such amounts as Your Excellency in Council might from time to time direct.
- (b) As of 5th September, 1946, there was held by the Receiver General to the credit of The Central Trust Fund of the Army, Navy and Air Force Canteens the sum of \$2,245,443. Nothing has been withdrawn from the said fund since that date. The Chairman of the Regimental Funds Board has advised that the amount of \$2,117,606 has accrued to the credit of The Canadian Army.
- (c) The Royal Canadian Navy and the Royal Canadian Air Force have already established Benevolent Funds for the benefit and welfare of the members and ex-members of these Forces and their dependents who require emergency financial assistance by way of loan or grant. It is intended to establish a similar fund for the benefit of ex-soldiers and their dependents, but it is not considered that such a fund should be established until a decision has been reached by Parliament as to the manner in which The Central Trust Fund and other regimental and canteen funds which accrued during the war should be dealt with. It is considered, however, that, pending a decision by Parliament in this matter, some temporary provision should be made for emergency financial assistance to ex-members of the Army and their dependents similar in principle to that which has already been made for the members and ex-members of Navy and Air Force and their dependents through their Benevolent Funds and that for this purpose the sum of \$50,000 should be transferred from The Central Trust Fund of the Army, Navy and Air Force Canteens to the credit of the Minister of Veterans Affairs to be used in his discretion for this purpose.

The Board concur in the above report and, pursuant to the provisions of The Consolidated Revenue and Audit Act, 1931, recommend that, of the moneys now held by the Receiver General of Canada in The Central Trust Fund of the Army, Navy and Air Force Canteens, the sum of \$50,000 be allocated to the Minister of Veterans Affairs to be expended on his requisition by him or such agency or agencies as he may direct by way of loan or grant for the benefit of former members of the Canadian Army and their dependents in those cases where the said Minister or such agency or agencies are satisfied that special assistance is necessary to prevent hardship, to relieve misfortune or to meet domestic emergencies; the moneys thus paid to be accounted for in accordance with the terms of The Consolidated Revenue and Audit Act.

P.R. 19698

A. D. P. HEENEY,  
*Clerk of the Privy Council.*

## SPECIAL COMMITTEE

Re. App. No.

**DEPARTMENT OF VETERANS AFFAIRS**  
**ARMY INTERIM BENEVOLENT FUND**  
 (for Veterans of World War II)

File No.  
9-24

**APPLICATION FOR ASSISTANCE**

To District Office Administrative Committee at \_\_\_\_\_

1. Surname of ex-serviceman \_\_\_\_\_ Given Name \_\_\_\_\_ Service No. \_\_\_\_\_ Officer's Rank \_\_\_\_\_

Address of ex-serviceman		Date(s) of Enlistment(s)	Date(s) of Discharge(s)	Theatres of Service
Service in Armed Forces other than Army (Give Period)				

2. (Name of Applicant) \_\_\_\_\_ (Street) \_\_\_\_\_ (Tel.) \_\_\_\_\_

(Municipality) \_\_\_\_\_ (County) \_\_\_\_\_ (Province) \_\_\_\_\_

3. I hereby apply for assistance in the amount of \$\_\_\_\_\_ for the following purpose for which I am unable to provide out of present assets or income:

4. If a loan is granted, I will repay it at \$\_\_\_\_\_ per month commencing \_\_\_\_\_

5. Have you since (first) discharge applied previously for assistance to Navy, Army or R.C.A.F. Benevolent Funds or any other Social Welfare Agency or Govt. source? \_\_\_\_\_

yes or no

Give Particulars \_\_\_\_\_

6. Give particulars of all members of your family, including yourself, resident in your household.

Name	Relationship to veteran	Date of birth	Single or marriage date	Occupation or school	Monthly payment to household	Monthly wage

7. Monthly Income	Monthly Expenses
Pension or allowance of applicant	Food..... Rent or Prin. Payments..... Taxes..... Interest..... Fire Insurance..... Clothing..... Life Insurance..... Gas or Electricity..... Water..... Fuel.....
Wages or salary of applicant	
Contribution of wage earning children of dependents (1) (2) (3)	
Other sources..... Total.....	Total.....

Nature of Acct.	Name and address of Creditor	Date incurred	Original amount	Monthly payments	Balance owing

9. I solemnly declare the information given above is true and hereby authorize doctor, hospital, etc. to give all required information to Investigator representing Committee.

Date \_\_\_\_\_ Signature \_\_\_\_\_

N.B.—(1) The reverse side of this form to be used for general comments and recommendation of District Committee.

(2) Where space is inadequate the applicant will include details on plain sheet to be attached hereto.

PLEASE NOTIFY YOUR DISTRICT OFFICE OF ANY CHANGE OF ADDRESS

## ARMY INTERIM BENEVOLENT FUND

\$ ..... 19 .....

Service No. (or Rank if an Officer) .....

Name .....

Address .....

For value received, I promise to pay to the order of the

RECEIVER GENERAL OF CANADA

the sum of ..... /100 Dollars

Witness .....

Address .....

Signature of Debtor







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Letter or, 1947

( SESSION 1947 )

( HOUSE OF COMMONS )

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( SPECIAL COMMITTEE )

ON

# CANTEEN FUNDS

## MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

FRIDAY, MAY 9, 1947

### WITNESSES:

Mr. A. Ross, Associate Deputy Minister, Department of National Defence;  
Colonel A. W. O. Stewart, President, Regimental Funds Board;  
Lieutenant-Colonel George Weir.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1947





## MINUTES OF PROCEEDINGS

FRIDAY, May 9, 1947.

The Special Committee on Canteen Funds met at 11 o'clock a.m., the Chairman, Mr. L. A. Mutch, presiding.

*Members present:* Messrs. Baker, Emmerson, Fulton, Harkness, Lennard, Marshall; Mutch, Probe, Whitman.

*In attendance:* Mr. A. Ross, Associate Deputy Minister, Department of National Defence; Colonel A. W. O. Stewart, President, Regimental Funds Board; Lieut.-Colonel George Weir.

Mr. Ross was called, heard and questioned.

Colonel Stewart and Colonel Weir were questioned.

The Chairman tabled a copy of the Fourth Annual Report of Royal Canadian Air Force Benevolent Fund, which is printed as *Appendix A* to this day's minutes of proceedings and evidence.

Mr. Ross tabled an analysis of total funds, Regimental Army Units and Auxiliary Services Organizations, which is printed as *Appendix B* to this day's minutes of proceedings and evidence.

The witnesses retired.

By order of the Committee, strangers were requested to withdraw and the Committee continued to sit in camera.

At 12.35 o'clock p.m., the Committee adjourned until Monday, May 12, at 11 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May, 9, 1947.

The Special Committee on Canteen Funds met this day at 11.00 a.m. The Chairman, Mr. L. A. Mutch, presided.

The CHAIRMAN: Well, gentlemen, if you will come to order.

Mr. FULTON: Mr. Chairman, before you start, I received this morning this copy of a telegram from Toronto, from Mr. Beaton, who I understand was in charge of a branch of the auxiliary services. I understand the telegram speaks for itself. Do I understand that you intend to deal with it at this meeting?

The CHAIRMAN: As a matter of fact, the subject matter of this meeting takes care of Mr. Beaton's complaint; of course, his point was well-founded, but in the interval between the time the figures were first available to us their account has been settled and the remarks then made no longer apply now that the matter has been adjusted.

Gentlemen, we have with us this morning the Associate Deputy Minister of National Defence, Mr. Ross, and Colonel Weir who has been overseas adjusting the final figures. The purpose of their appearance is to give us as accurately as is possible at this time an interim statement of these funds; where they came from, the amounts that are still outstanding, what moneys they think will probably still be coming into the fund or will not be coming into the fund. Without further discussion I think perhaps I will ask Mr. Ross to explain this statement which has been given to you this morning so that we may have a picture of the immediate present situation of the fund.

### A. Ross, Associate Deputy Minister, Department of National Defence, called:

The WITNESS: Mr. Chairman and gentlemen, we have produced this morning an interim statement of these funds as we know them to be. You have a copy of the statement before you. You will note that we show the source of the funds in the first column. The first item is the "canteen account (Canada)" then the "canteen account (overseas)"; then the "Bronco account", "sundry items", "surplus assets accounts". We have not shown final figures in here because we must carry the accounts in suspense until we get the final auditor's statement from the organization. Below that you will find "recreational increment (northwest Europe)", that is those special (leave) centres and other recreation facilities which were set up in northwest Europe for the troops. Then come the "N.A.A.F.I. refunds (to 31 Aug. 45)"; "refund troopship canteens"; "sundry items" this is a small item and we have put in here the approximate amount of interest credited to date; I believe that it is \$127,000 to 30 Sept. 1946 and we added a few months to it to bring it further up to date. Then you see "kitchen by-products (overseas)", this is an item which has been debated considerably as in a number of cases units have submitted claims against the money turned in in the U.K. Then we come to the disbanded active force "unit regimental funds"; regimental funds "Reserve Force" disbanded units; "army shows" and interest accrued at the bank that is money held under trust by the regimental funds board. The first four columns across really do not make much difference because the money is held by the regimental fund board or is in the hands of

the Receiver General either directly or through the chief treasury officer of Canada in suspense, and the chief treasury officer overseas, in suspense. There are certain moneys held by the auxiliary services; that is balances which it is proposed to turn in when their final audited statements are available. Then the next column shows a total of some \$13,000,000, which includes of course surplus assets which have been disposed of; and following that we have a column where we show items which should be transferred to the Receiver General and which we feel are refunds of public money. The next column is the amount available for immediate use for setting up the benevolent fund. That totals \$7,777,431, but included in there are two small items for the navy and the air force which should be paid out to them but which cannot be paid out until we get the authority from parliament. These moneys add up to \$123,715 that is where the moneys have not been paid out to the benevolent fund to the other services, held in suspense; there are a number of items representing balances which have not been turned in by the auxiliary services. The situation there is that we have \$7,653,716 available for the purposes of such fund as this committee may recommend. Now, of the \$2,200,000 in suspense it is anticipated that another million or million and a half will go towards the benevolent fund. There canteens overseas. On looking into that we found that if we were to charge them are a number of items outstanding; for instance, charges to be made against the for accommodation and services there would be no profit on the continent at all.

Mr. FULTON: What is that?

The WITNESS: That \$270,000 in the suspense account is all that was made by the auxiliary services on the continent; that is the profit or the surplus which they have turned in. Actually the charges that have been mentioned against that would be something like \$400,000. While nothing definite has been decided on that matter we anticipate that owing to the difficulty of segregating the charges that this probably will go into the benevolent fund. Then, the \$796,000, the next item, you will find that is the balance to be turned in by the auxiliary services. The fourth column shows the same amount; it is the money to come in. Against that there is the charge for operations in the U.K. I might explain that in this way; when we set up the organizations overseas they did not know whether they would have sufficient revenues to pay their expenses so they provided to meet the expenses by budgeting each month what the expenses would be and pay these out of a grant which was advanced from public funds. This 12·3 per cent charge therefore is the portion of that money which was paid out of the amountable grant; 12·3 per cent represents the cost of operating the canteens in Canada.

The CHAIRMAN: Would it be fair, Mr. Ross, to say that the 12·3 per cent is using the Canadian figures giving the final standing?

The WITNESS: Yes. Furthermore, we had to pay for all the accommodation overseas whereas in Canada a lot of the canteens would be in camp areas where there was no further public expense. Actually we have already collected from the organizations \$293,900; on account of the cost. You will find at the bottom of the page a reference to this item; and also to the \$336,680 which was transferred to operating account in order to obviate the necessity of transferring Canadian dollars to the U.K. when sterling was available. We propose to apply this against the 12·3 per cent also.

Now to come to the next item, \$53,754—sundry items. This is an item which really should go back to the Receiver General. We are just getting the details cleared up on that. The items are included in the statements of the joint organizations and should have been applied against accountable grants instead of shown as surplus. In the surplus assets account we have to hold some money still to pay accounts that will be rendered by the Ministry of Works in England for properties and other accounts for heating and light. The

bulk of that I think is accommodation, and we propose to hold \$150,000. In any case, of course, this would not go to the benevolent fund. It could not go in there at all, but there is an item in there which the organizations have raised in regard to their interest in the surplus assets. When they started out they had somewhere between \$7,000,000 and \$8,000,000 which was raised by public subscriptions and we have spent out of accountable grants \$48,000,000 so that the relationship of the one to the other is 14 per cent and there is a question whether that 14 per cent might be transferred from the Receiver General of Canada out of these moneys into the benevolent fund and give us \$337,000. The organizations are now putting through their requests for this portion of the funds received from the disposal of assets.

The CHAIRMAN: When you say these organizations, you mean the four auxiliary services?

The WITNESS: There were really six, including the Y.W.C.A. and the navy.

Mr. PROBE: Was that for the use of their organizations—?

The WITNESS: No, to put into the benevolent fund, but in making this suggestion they have also brought forward the question of gratuities to those supervisors who are not entitled to benefits under the Supervisors' Gratuities Act. They have suggested that such supervisors receive some benefit.

Mr. PROBE: Is there a policy which has been worked out on their own behalf?

The WITNESS: No, there has been no policy because the subject was referred to Veterans Affairs and they would not accept them under the supervisors' Act and they do not come under the services Act. There is no benefit accruing to them under any existing legislation.

Mr. MARSHALL: How many will be involved?

The WITNESS: The total involved is \$262,000, you will find it on the back page of the other memorandum which has been given to you. This incidentally is just a memorandum from the acting secretary, who happens to be Colonel Weir, reciting the submission as presented to the Joint Services Advisory Committee, in which the Auxiliary Services Organizations suggested they should make these allowances. On the back page you will find three categories; (a) those who were supervisors overseas, and the total amount of that is \$7,875; (b) is for supervisors in Canada and that comes to \$250,262.50; then (c) the educational staff overseas which comes to \$4,980. I think that has been referred to in the committee before. It is a matter which requires special consideration by someone.

The CHAIRMAN: What is the total of that?

The WITNESS: \$262,000.

Mr. PROBE: This does not come within our terms of reference, this is a matter of policy for the joint committee.

The WITNESS: Well, you see the committee recommend it, but I do not think there was any grounds upon which we could pay a gratuity. There is no provision for it. The only thing which the joint services committee could deal with would be pay and allowances, but this would be an increase of pay and allowances after the fact. They are out of the service now. It is a gratuity.

Mr. FULTON: Which item could that be held back from?

The WITNESS: Surplus assets, on the big statement. It is 14 per cent—in the suspense column there you will find the item just below the first line, \$337,000; and they propose that this \$262,000 would be paid out of that and the residue would go to the benevolent fund.

The CHAIRMAN: It appears that this presentation is an attempt to do by indirect method what the organizations themselves did not attempt to do. Last year in the committee which considered rehabilitation and veterans'

affairs I think it would be fair to say that the representations of all those organizations coming before the committee last year indicated to us that they would be satisfied if we extended rehabilitation and other benefits which veterans get to their supervisors who served in the field, and that was done, recommended by the committee and by the government and approved by parliament.

Mr. LENNARD: I do not see how we can handle this.

The CHAIRMAN: Our only interest in it, gentlemen, is that we have an interest and an obligation to see to it so far as we are able that these moneys which are available to the canteen fund do in fact go into the canteen fund. We have the right to scrutinize this or any other report which relates to the disposition of such funds. For instance, I think we will have definite views in this committee, they have been expressed already, as to what should happen to the money raised overseas. What has happened here is that the joint committee apparently feel that this application was an attempt to do by an indirect method that which our committee did not recommend, which neither government nor parliament discussed or considered last year; and if it is done it is understandable that it will be at the expense of the canteen fund; and for that reason I think that the committee hoped that this committee would express itself as to the principle of that. It is a levy on a fund which was created by veterans for a purpose, not for instance \$200,000 for the benefit of civilian employees who were employed by civilian organizations in Canada during the period of the war. All that we can do I think is when we come to make our report is either to say that we feel the money properly belongs to the canteen fund and therefore suggest that we do not think it should be used in that way, or else to accept the report.

Mr. MARSHALL: I was checking over this report and you have an item there of \$260,000 for that?

The WITNESS: Yes.

Mr. MARSHALL: And that \$262,000 would come out of the total of \$337,000, that would leave a balance of about \$70,000?

The WITNESS: That represents what the auxiliary services claim is a pro rata of their assets that have been disposed of.

Mr. MARSHALL: They are claiming all of that?

The WITNESS: Actually I think the Legion claim more. We have tried to take it right across the board. That is the total of the moneys in the fund subscribed by the public and the total amount advanced by the government as accountable grant. The total of public subscriptions, as I said, amounted to between \$7,000,000 and \$8,000,000, raised by public subscription, and the \$48,000,000 was paid out by the government out of public funds. The sale of assets realized \$2,400,000 and the organizations claim that they have a pro rata interest or relatively 14 per cent. There is this one point in connection with that, and that is that the organizations take the stand that had they been operating under public subscription they would have looked after these supervisors.

Mr. PROBE: They do not distinguish between the supervisors who served in the field and those who served at home then, I take it. Personally, I think those who served overseas might very well receive a gratuity as they were just as much on active service as if they had been in the king's uniform.

Mr. LENNARD: Yes, but not from this fund.

Mr. PROBE: It is not a matter for us to deal with. I do not see how our terms of reference would enable us to make a recommendation. My opinion is that supervisors who served overseas should be considered as combatants.

The WITNESS: And were so dealt with.

*By Mr. Fulton:*

Q. If I understand the matter correctly, those who served in the field are already taken care of, this proposal is intended to take care of those who were employed at headquarters in London, and in Canada.—A. I think that is it.

Q. It would appear to me that the greater part of the amount included in that statement is for supervisors who served in Canada only.—A. The amount for those who served in Canada is \$250,000.

The CHAIRMAN: Who were employed as civilians in civilian employment. But my point is that we can't forget that all of us were members of the committee which last year heard the representatives of the Legion and the other services; we heard their declaration that so far as they were concerned they were satisfied that we would deal with those who were actually with the troops and a percentage of those in London. Some of them now want to reach into this fund to take care of supervisors who were not covered then. Also to take care of men who served on the continent for say six months or a year and then were permitted to move back to London where they remained in the capacity of a non-combatant. Under the Act passed last year he could benefit for the period he was on active service with the troops. And now they apparently want to fill in all the gaps.

Mr. FULTON: Such supervisors as would come within the definition of veteran would be taken care of. What can we do about the others?

The CHAIRMAN: Well, Mr. Fulton, there is no other committee considering it, and I think we will have to decide when we return our report whether these people should be beneficiaries in the fund or not.

Mr. BAKER: I do not think we could entertain this at all because our main purpose is to see that the moneys are channelled back to the people who earned them. These other people were employees and I do not think that we could even make a report on them.

Mr. LENNARD: I agree.

Mr. FULTON: I do not, because there is some question—

Mr. LENNARD: But it does not come to this committee. We should set up a body which can look after it.

Mr. FULTON: I am merely expressing my opinion.

Mr. PROBE: The services should have looked after this themselves. I am sorry I must leave now, Mr. Chairman, but I would like to have either Mr. Ross or Colonel Stewart give a further analysis of the offsets of the Bronco expedition.

The CHAIRMAN: That is the purpose for which they are here to-day. It was anticipated that when you get through with the taking of evidence to-day, I do not see why we should not be able to do that. It was the intention of the steering committee the other day that we should take the last day for the hearing of evidence and that we would begin at our next meeting to consider our report. I must remind the committee that having decided on what we will report that we have a final report to make and we must make that in the form of a Act; I raised this with the steering committee the other day—that we finalize the hearing of the evidence and the examination of witnesses to-day. They can be called back, I mean the departmental officials, if we need them; and that we would then proceed to consider a summary of these facts and recommendations which have been made before the committee, because I must point out to you that once we have decided what we want to do we will have to wait for the law officers of the Crown to draft an Act, and then I should think we will need to meet on a number of occasions to make sure that it meets the points which we desire it to deal with. So our intention is on Monday next to begin the draft report, and whatever questions you desire to ask Mr. Ross or Colonel Weir looking towards that

meeting on Monday, I should like put to-day. They are both here and it is better we get this thing in order.

Mr. MARSHALL: Then perhaps we could ask questions on the statement.

The WITNESS: There is only one further point in connection with the \$1,042,532 Bronco; I think there is reason for a charge to be made to recover moneys paid out of public funds of 12·3 per cent against the United Kingdom operations. There is no question about that? The point Mr. Probe was raising was as to the Bronco operations for which no charge has been made.

Mr. FULTON: I wonder if Mr. Ross would give us an explanation of the item of \$1,258,579 of moneys transferred to the credit of the Receiver General.

The WITNESS: That is the total revenue raised by these organizations including canteens. The cost of operating which was paid out of army funds.

*By Mr. Fulton:*

Q. Why should that go to the Receiver General?—A. It is credited to public funds; for instance, all the hostels and installations that were taken over by the army were paid for by the Canadian government.

Q. Can you tell us where the corresponding item for receipts from these forces will be found?—A. This is the total receipts, the amount held overseas.

The CHAIRMAN: That is the first item in the second column.

Mr. FULTON: Does one gather from that that it cost more to operate these things than they earned?

The WITNESS: Definitely.

*By Mr. Marshall:*

Q. You mean that this \$1,258,000 was advanced by the Canadian government?—A. No, that is the money recovered from the operation of these services. There is no charge.

Q. In the first instance the money was put up by— —A. The money was paid out in settlements with the Dutch and Belgian governments.

Q. By whom?—A. By the army; for instance, in Amsterdam alone—it was \$750,000.

*By Mr. Fulton:*

Q. Then they operated at a loss?—A. Yes. You know some of the places we had were wonderful institutions.

Q. But they did make charges for meals and so on?—A. This is what that is, this is the money received; it came from the sales in canteens and so on.

The CHAIRMAN: This is the gross profit?

Mr. FULTON: Not the gross profit, the gross take.

The CHAIRMAN: The gross take, I mean.

The WITNESS: There might be some profit; for instance, you buy liquor and things like that—this is the gross earnings, without the charges for accommodation and civil labour.

The CHAIRMAN: This can best be summarized in this way, I think; you remember that the point was raised in this committee I think by Judge Ross, that a charge of some \$400,000 was to be levied against these services—Mr. McIntyre I think raised it, or it may have been Ross; I believe it was—anyway they pointed out that since they were not consulted as to quarters which they should take, many of which were much more elaborate than they really could afford to pay for, they did not feel that a charge should be levied against them; and the committee which Mr. Ross represents, having assessed this question

and found out that \$270,755.91 was all that there was in the way of profits, realized, I think, the absurdity of charging \$400,000 rent for premises out of \$270,000; in the first instance that they could not charge them more than they paid; in the second instance the representation of the various organized bodies have been such, as I understand Mr. Ross to say this morning, that they are actively considering recommending the contributing of that \$400,000 charge which the services had no responsibility in assuming.

Mr. FULTON: How do you mean, had no responsibility?

The CHAIRMAN: They were told where to go.

Mr. LENNARD: Who was responsible?

The WITNESS: The army.

The CHAIRMAN: The army took over certain facilities and said, you operate them. And the net result appears to be that, instead of charging \$400,000 against them for the use of premises, the profit of \$270,000 which they made will be put into the canteen fund and the charges carried by the army of occupation. That is what it amounts to.

(Discussion by Mr. Fulton continued off the record.)

The CHAIRMAN: Coming back to the record again, while we have Mr. Ross and Colonel Weir I take it from the discussion we had raised—I think in the first instance either by Colonel Harkness or myself, I don't know which it was, but it was one or the other of us—there was considerable feeling in the committee with respect to this item of \$283,893 which is still held and which comprises money which was in England, collected from the various units on account of kitchen by-products overseas. I understood and I want to get it on the record; this is correct is it not, Mr. Ross; that in the first instance the Canadian army did as the British army does, utilize its own by-products for extra messing during the first year at least of the time that the Canadian army was in the United Kingdom.

The WITNESS: Yes.

Colonel WEIR: That is correct, Mr. Chairman.

The CHAIRMAN: Colonel Weir confirms that; and that at the time when that practice ceased the units were urged to co-operate in the saving of the necessary fats and that type of thing—bones and so on—as a war measure; that they did in fact every time they sent a cheque from the unit at the same time make a claim for that money. Is that correct?

Colonel WEIR: That is right.

The CHAIRMAN: They made a claim against that and their cheques were imprest.

The WITNESS: No, the moneys were held by the chief treasury officer.

The CHAIRMAN: You mean in the United Kingdom?

The WITNESS: Yes. There is a claim for each unit for every amount.

The CHAIRMAN: So there was an admission in fact that it was regimental funds by virtue of the fact that these people were not only encouraged but instructed to enter claims with respect to each which they made out and sent in.

The WITNESS: That is covered in regulations respecting regimental funds. It lays down that these moneys shall be turned in and it also says—

Mr. LENNARD: It is included in what?

The WITNESS: Regimental funds regulations, the rules and regulations for messing.

The CHAIRMAN: Is that in K.R. (Canada)?

The WITNESS: No, it is a separate book.

Mr. LENNARD: What is going to be done with these funds?

The WITNESS: We are not clear on that. Actually the matter has been under discussion, it was under discussion when I was overseas in 1942 and it was one of the things outstanding when I returned to Canada. I understand it is still under consideration by the Department of Finance who, I understand, takes the view that it should go back into public funds in view of the fact that it was a by-product of goods purchased out of public funds.

Mr. LENNARD: I do not agree with that. It was mess rations salvaged from something the men got, provided for their use, which they could not eat. It belongs to the men themselves, it does not belong to the public at all, the men earned it.

The WITNESS: In the United Kingdom it was a transaction between the unit and the people who were collecting the salvage. The money was handed in to the unit and the unit handed it back to the chief treasury officer. In Canada the situation was different in that the matter was handled by contract in the areas and not with the unit direct.

Mr. LENNARD: Well, it most certainly belongs to the men. It was through their care and energy that this fund came into existence, and it was established in each unit through the savings from stuff they could not eat. It was their own rations from which they were obtaining salvage, or what was left of their rations.

The CHAIRMAN: The committee gave an indication at a previous meeting I think that they were unanimously of that point of view. And I might add myself, perhaps I have done so already, but I want to do it now; I want to make it perfectly clear from the evidence of Colonel Weir who has been over there and looked into this matter, that against every nickel every unit turned in there is a claim made out and that is on file with the chief treasury officer over there; and he is in the position of holding the money in trust for the unit; and since the unit money is going to this fund it appears to me, in agreement with what Mr. Lennard has said, that it is money which properly should go into the canteen fund.

Mr. LENNARD: Absolutely.

The CHAIRMAN: Gentlemen, you will have to speak up a little bit, we are pretty well scattered about the room. Are there any further questions with respect to this statement?

The WITNESS: There are two other items. In the unit regimental funds there is \$229,000. It is made up of \$173,000 of claims made by parent units which cannot be recovered from the active units. In other words, they have made advances of \$1,500 and now all they can get back from the active service unit is \$500; the difference between the \$173,000 and the total is some \$56,000 still to be collected from the units, and incidentally I think you have something, Colonel Stewart, as to the number of units that are holding back funds I think it ought to be on the record that we can follow up. I think those matters should be brought in.

**Colonel A. W. O. Stewart, President, Regimental Funds Board,  
Department of National Defence, called:**

The WITNESS: Mr. Chairman, and gentlemen, during the first session of your committee a folder was presented to each member which contained a schedule of the various funds that are being supervised by the regimental funds board. There are one or two things I should like to get in the record in regard to them because the original schedule which you have before you was dated the 14th of February and showed the position at that time. The new schedules

which have been prepared show the position of those funds as of April 30th and May 8th, 1947. I think you now have copies of those before you.

In the central trust fund of the army, navy and air force canteen there is a small item of \$6,566, which represents the funds deposited in the units which were disbanded in the early days of the war before we had set up the army unit trust fund, and they were put in that account for safekeeping. I am merely bringing that small account to the attention of this committee, because should it recommend that allocation be made out of these funds that small amount will have to be transferred; we can't get it out otherwise. On the same schedule down here at the lower right hand corner it shows the proportions of the air force and the navy. There is an item in there of \$27,363, which is shown as the equity of the reserve forces. As a matter of fact that figure has been segregated in our books since 1941 and it represents the early profits accruing from the operation of canteens operated by the national voluntary organizations at the forty basic training centres opened in October 1940 for the training of the thirty-day trainees called up under the N.R.M.A. In view of these trainees having been called up for general service we have always considered the amount as being part of the general fund. I am merely bringing this to the attention of the committee in case they might be interested in that aspect of it.

I now come to schedule B. I might point out that the bonds that we hold, victory loan bonds, have appreciated in value to the extent of about \$13,678. The board has not the power to dispose of these bonds and to realize the profits. I thought the committee might wish to consider increasing the total fund perhaps by making a recommendation that the title to these funds should be turned over to the Receiver General of Canada.

Mr. Ross: The point there is this, I think the bonds should be turned over to the organization which takes over the benevolent fund.

The WITNESS: There is another point there, Mr. Ross, the affairs of the institutes of all wartime active units have now been wound up with the exception of nineteen units, and their final statements are likely in the mail or certainly will be received by the end of this month. They are expected this month. There are eighteen cases in which the trustees of the reserve units have funds or assets of wartime active units in their possession which have not been turned in, and steps are being taken to have these remitted forthwith. In the case of continuing units which purchased furniture, fixtures and so forth at appraised value, instructions have gone out that these accounts are to be settled by the 30th of June, with the exception that in cases of hardship on new units being formed the Adjutant General may grant a further short extension.

*By Mr. Lennard:*

Q. Has a deadline of June 30 been set on any claims on this fund for moneys that have been advanced to active service units by the parent unit?—A. No. I filed some time ago a statement showing that the sum of advances made by parent M.P.A.M. units to active service units amounted to \$173,000.

Q. How did you arrive at that amount?—A. From searching through our records. We have claims filed amounting to \$120,000, and from a review of the financial statements that have been filed with us we can see the balance between \$120,000 and \$170,000 for which units have not made a specific claim.

Q. You have complete files from every overseas unit?—A. From all units both overseas and in Canada.

Mr. Ross: That is why this reserve of \$173,000 has been set up pending the decision of this committee as to what can be done. It is in this item of \$229,000, the second last item in the suspense column in the statement.

Mr. MARSHALL: Mr. Ross, you have bank deposits of approximately \$3,000,000?

Mr. ROSS: Yes.

Mr. MARSHALL: Is it not possible to turn those in and buy bonds of that amount? You are carrying a tremendous amount of money there which it seems to me might be invested in bonds, as they are known, of course I mean dominion government bonds.

The WITNESS: Our instructions from the Adjutant General make our powers very limited. We would not dare to assume that responsibility because we hold this money in trust. We have no way of taking it out and making investment with it.

Mr. ROSS: It should be pointed out that the bulk of the money belongs to specific units.

Mr. BAKER: And a good deal would depend on what the units wanted to do with it.

Mr. MARSHALL: What about the bonds you already have?

The WITNESS: They came in directly from the units.

*By Mr. Whitman:*

Q. But you have no authority to invest this money in question?—A. No.

Q. The money must remain there until you get through with it?—A. Yes.

The CHAIRMAN: The situation with respect to this fund seems to be that these funds are being held in various places under the authority of the Receiver General until such time as the new organization is empowered to handle it. That is the position at the moment.

Mr. ROSS: There is only one other item on the statement, \$14,281 on units which have been disbanded. Those are units which are dormant now and we do not know whether they are going to be set up again or not. We are holding the funds temporarily. Eventually any balance of these moneys will be turned back into the benevolent fund.

Mr. FULTON: Could Mr. Ross give us a list of the amounts in the statement in the suspense column which he thinks with reasonable certainty will finally be available for the fund?

Mr. ROSS: There will be some adjustment when we get the final statements. I estimate from \$1,000,000 to \$1,500,000 will go over, without any question. There may be some adjustment between the disposal of the assets account and the canteen account when we get the audited statements in from the Auxiliary Services; until then we are not quite competent to give you a definite figure.

Mr. MARSHALL: But you are quite sure of the \$1,500,000?

Mr. ROSS: Yes, we are quite sure of \$1,500,000. Down there you will see an item of \$84,000. Take that item, I think it is quite evident that that will go into the benevolent fund. Then as to the balance of \$270,000, we expect to transfer that over. Now, the \$796,000; we have received \$630,000 against the 12·3 per cent, and the final figure on that might be \$850,000. There would be between two and three hundred thousand dollars to come out of the \$796,000. There is one other point. We propose to hold out \$100,000 to meet any bills that might come in. We propose to withdraw the funds from the organizations and to set up a fund at headquarters here to pay any claims that may be rendered rather than keep the organizations running.

Then there is the item of \$53,000 earmarked for the Receiver General. The next item \$337,000; the only question there is whether you recognize the claim for 14 per cent as being due to the canteen fund, for instance, that is the proportion of moneys advanced or raised from public subscription; in other words, \$7,000,000 to \$8,000,000 was raised by public subscription before the government took over this scheme. That represents 14 per cent of the total that was advanced and raised voluntarily. It is just a question as to whether we should transfer that. I think there is a fair case there, Mr. Chairman.

The WITNESS: Then there is \$283,000 which is all in what we call the kitchen by-products. It may be that we may be able to get that.

Mr. FULTON: You mean the government are going to try to get that? Who is it looks after that?

Mr. ROSS: The Department of Finance.

Mr. FULTON: And you mean that they will try to get it?

Mr. ROSS: There is no decision on that yet.

Mr. MARSHALL: They will likely have the last say.

Mr. ROSS: Well, I would think we will get some of it, a percentage.

The CHAIRMAN: I might settle for \$283,000.

Mr. MARSHALL: Nothing less.

Mr. ROSS: The other item for regimental funds, you know what that is, that is \$173,000 that is held against possible claims of parent units. Any balance will probably go to the benevolent fund.

Mr. FULTON: How much did you say you had in the form of claims pending?

Mr. ROSS: \$120,000, but we know there were advances made totalling \$173,000 so we have provided for that in this reserve.

The CHAIRMAN: I would remind the committee at this point that it has been brought to our attention that the provision for the continuing unit to claim is dependent, according to the evidence of Colonel Stewart, on the fact that the regiment at the time it was disbanded turned in sufficient money to meet the claim, in spite of the fact that in any intervening year they may have made their contribution to it. There was some discussion in committee at that time in which members felt that since there is something there that the parent units had a clear claim against this \$173,000. That is on the record not in the form of resolution. But it is apparent from the discussion, that the committee favours payment out of this \$173,000 the full sum to the parent unit if the parent unit continues.

Mr. LENNARD: That is right.

The CHAIRMAN: I think in our deliberation we should bear that in mind and I want at this point to remind the committee of it.

Mr. LENNARD: It is in the record of previous meetings. I think it should also be said that while regimental funds might not have had sufficient balances at the time of their disbandment to permit of the repayment of the amount claimed that that was not due to any mismanagement on the part of the unit concerned but rather that they were in such a position from having to make remittances to the chief treasury officer that they could not repay the parent unit.

Mr. ROSS: We still have to get something from NAAFI for the last year and we figure that that might amount to possibly \$200,000.

Mr. MARSHALL: And the amount is not known?

Mr. ROSS: We haven't got it and I do not know what it will be. I should say that the amount shown from NAAFI is after the units got a rebate of six per cent on canteen sales, and ten per cent off purchases. The funds available now total \$7,653,716, plus some other amount, \$1,000,000 definitely.

Mr. MARSHALL: A million and a half would bring it up to cover \$9,000,000.

Mr. ROSS: It would bring it up to that, yes. That is what it would reach by the time we get through.

The CHAIRMAN: That pretty well covers the table which Mr. Ross has brought to us this morning. Are there any further questions with respect to it?

Mr. Ross: Mr. Chairman, I might say that we are trying to get the auditor's statements from the auxiliary service organizations, we have been trying for some months now and we are hoping to have them by the end of this month.

The CHAIRMAN: The auditor's statements to which you refer are those for the units overseas?

Mr. Ross: Yes, it is being audited by Price, Waterhouse.

The CHAIRMAN: And we understand that the audit is taking place overseas?

Mr. Ross: Yes, under the supervision of Price, Waterhouse, overseas.

The CHAIRMAN: Mr. Ross brings it to my attention in correction of what I just said of the four auxiliary services that they should really be six; in addition to the four normally considered there is the Navy League and the Y.W.C.A. who shared to some extent in the activities of the auxiliary services.

Now, gentlemen, at an early meeting someone asked for the fourth annual report, the 1946 annual report of the activities of the RCAF Benevolent Fund. We were told at that time that it had been completed but that it had not been submitted because it had not received final approval. We now have it here. Is it the wish of the committee that it should be published as an appendix to to-day's meeting?

Mr. LENNARD: I would so move.

Mr. BROOKS: I would second the motion.

The CHAIRMAN: What is your pleasure, gentlemen?

Carried.

Now, gentlemen, it has been suggested that we should print the table, the statement which has been placed before us to-day, as an appendix. We ourselves have it now, but for the benefit of the people who will be using our report I think it should be included as a part of our record. If you approve I will couple with that last resolution the printing of this supplementary statement.

Carried.

As the statement is to be printed I think there should be an explanation. This \$123,715 which is deducted at the bottom is a deduction from the \$7,777,431.03 in the second last column, and that the deduction is due to the fact that the money is money which is being held to the credit of the Navy Benevolent Fund and the RCAF Benevolent Fund; it is simply included here because the money has not yet been paid over, but it is excluded from our consideration.

And now, gentlemen, we will continue our proceedings in camera, but before we do that there is one other thing which should be brought to your attention. I have received a letter from the Secretary of the British Columbia Canteen Fund which I will ask the clerk to read:—

The trustees of the above fund have asked that I write and give you a brief outline of the type of work this office is carrying on. It appears that there is a misunderstanding in this regard and you are under the impression the fund is not functioning at the present time, which is definitely not correct.

We assist veterans of the first world war in securing such things as grocery orders, glasses, dentures and in occasional cases we supply transportation from distant parts of B.C. to cancer clinic, etc. We also give some assistance in educational grants for children of veterans to secure business training.

In the past year and a half we have also been assisting veterans of the second world war, although actually they do not come under the jurisdiction of this office.

In the past year and a half we have also been assisting veterans of the second world war, although actually they do not come under the jurisdiction of this office.

Hoping this information will be of some assistance to you.

(The Committee went into camera session and closed its meeting still in camera.)

The Committee adjourned to meet on Monday, May 12, 1947, at 11 o'clock a.m.

## APPENDIX "A"

### ROYAL CANADIAN AIR FORCE BENEVOLENT FUND

Supported by Voluntary Contributions From Service Personnel and Others Interested.

(Incorporated Under Part II of the Dominion Companies Act) (Registered Under the War Charities Act).

#### FOURTH ANNUAL REPORT

For the Year ended 31st December, 1946, Ottawa, Canada.

#### HIS MAJESTY THE KING

*Patron*

#### OFFICERS

*Honorary President:* Air Marshal W. A. Bishop, V.C., C.B., D.S.O., M.C., D.F.C.

*Chairman of the Board:* Air Marshal Robert Leckie, C.B., D.S.O., D.S.C., D.F.C.

*President:* Air Vice Marshall K. G. Nairn, C.B.

*Vice-President and Honorary Treasurer:* H. G. Norman, C.M.G., C. A.

*Manager:* J. L. Apedaile, O.B.E., C.A.

*Secretary:* Flight Lieutenant A. L. Bell.

*Treasurer:* Flight Lieutenant J. C. Carrothers.

*Honorary Counsel:* D. P. Jamieson, M.B.E., K.C.

*Banker:* Bank of Montreal.

*Auditor:* The Auditor General of Canada.

#### BOARD OF DIRECTORS

\*H. C. Bourke, Prince Edward Island.

\*The Hon. Senator G. P. Burchill, LLD., South Nelson, N.B.  
S. L. de Carteret, C.M.G., Montreal, P.Q.

†H. F. Gordon, C.M.G., Ottawa, Ont.  
D. P. Jamieson, M.B.E., K.C., Sarnia, Ont.

†Air Commodore D. E. Mackell, C.B.E., Ottawa, Ont.  
Air Vice Marshall K. G. Nairn, C.B., Vancouver, B.C.

\*The Hon. Mr. Justice Alfred Savard, Quebec, P.Q.

- \*W. H. Stuart, Halifax, N.S.  
 \*James Walker, O.B.E., Edmonton, Alta.  
 Air Chief Marshall L. S. Breadner, C.B., D.S.C., Ottawa, Ont.  
 †W. R. Creighton, Ottawa, Ont.  
 Air Marshall H. Edwards, C.B., Victoria, B.C.  
 \*Charles E. Hunt, K.C., St. John's, Newfoundland.  
 Air Marshal Robt. Leckie, C.B., D.S.O., D.S.C., D.F.C., Ottawa, Ont.  
 †G. Scott Murray, Ottawa, Ont.  
 H. G. Norman, C.M.G., Montreal, P.Q.  
 \*H. E. Sellers, C.B.E., Winnipeg, Man.  
 \*Neil J. Taylor, O.B.E., Regina, Sask.  
 \*Clarence Wallace, C.B.E., Vancouver, B.C.

### ROYAL CANADIAN AIR FORCE BENEVOLENT FUND

To the Members,—

The Board of Directors submits the Fourth Annual Report, with financial statements and Auditor's Report, covering the fiscal year ended 31st December, 1946.

During the year under report the Fund has increased by \$1,278,288.20. This increase is accounted for as follows:—

Contributions .....	\$1,386,304.72
Surplus of Revenue over Expenditures .....	4,060.01
	<hr/>
	\$1,390,364.73
Less—grants made (including loans converted to grants) ....	112,076.53
	<hr/>
	\$1,278,288.20

The Fund now stands at \$3,150,179.45. This was anticipated in our last Annual Report.

It will be noted that the investments of the Fund consist of \$2,919,508.00 Dominion of Canada Bonds and 4,000 pounds British War Loans. Securities are shown at par, all premiums paid having been written off against revenue. The market value at the close of the year is \$130,703.24 in excess of par value.

As heretofore, only the interest actually collected is credited to Revenue, while accruals amounting to \$14,346.82 paid for on purchase of Bonds have been charged to Revenue. The official reduction from 4.43 to 4.02 of the pound sterling to the Canadian dollar resulted in a loss to the Fund of \$2,100.92 and this loss in exchange has been charged to Revenue. The premiums amounting to \$38,654.95 paid on purchase of Bonds have been charged to Revenue that these Bonds may be taken into the accounts at their par value similar to those already held.

The expenses of administration show a considerable increase over the previous year, which amounted to the nominal sum of \$1,583.54, and it is anticipated that these expenses will be further increased during the current year. The increase for the year under review is accounted for principally by the fact that the work of the Field Committees became so great—particularly in densely populated areas, that paid Secretaries had to be employed in the larger cities. The anticipated increase of \$24,000.00 is principally due to the fact that the Head office is no longer staffed by R.C.A.F. personnel, and while a considerable reduction in Head Office personnel has been effected, those remaining are now on the pay-roll of the Fund.

\*—Provincial Chairman.

†—Executive Committee.

(Group Captain W. R. Kingsland, Toronto, Acting Chairman of Ontario.)

During the year under report 3,356 applications for assistance have been received, of which 3,039 cases have been settled as follows:—

(a) Securing assistance from Governmental Agencies .....	518
(b) Loans .....	1,334
(c) Grants .....	993
(d) Assistance unavailable .....	194
	<hr/>

The 993 grants made (including 292 loans wholly or partially converted, where such relief was found necessary) totalled.. \$112,076.63

- At the commencement of the year the loans outstanding amounted to .....	\$ 54,186.94
During the year loans made covering the 1,334 cases above mentioned amounted to .....	121,662.16

Of this there were converted to grants .....	\$22,253.57
While repayment collections were .....	59,277.38

Leaving outstanding at the close of the year.....	\$ 81,530.95
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Due on 1,112 cases an average of \$84.82 per case.	\$ 94,318.15
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As mentioned in the last Annual Report, there are an increasing number of cases where assistance is required to meet medical care and in view of this the following arrangements—as reported in “The Benevolent View” for the quarter year ended 30th September, 1946—have been made:

#### SCHEDULE OF FEES—MEDICAL—DENTAL—FUNERAL

The Department of Veterans Affairs have agreed with the Canadian Medical Association on a Schedule of Fees for Medical Treatment, while a similar arrangement has been made with the Canadian Dental Association for Dental Services.

These schedules have been adopted by the Fund and copies have been distributed among our Field Workers for insertion as appendices to the “Guide for the Use of Field Workers”.

In the case of charges for Funeral Services the “Canadian Funeral Service”, the official organ of Canadian Funeral Directors, made an announcement in its issue of August, 1946, that this Fund normally restricts payment for funerals to a rate of \$125 except where interment is made in another locality in which case another \$25 is payable.

These arrangements, it is felt, not only provide a standard of charges and relieve our Field Committees of seeking reductions; but they are a source of savings in financial relief to applicants.

When it is observed in reviewing Applications for Assistance that the applicant appears eligible for some governmental entitlement, contact is made with the Department of Veterans Affairs either through the applicant or direct by the Fund. Your Directors wish to record their appreciation of the co-operation and assistance experienced in these contacts with the Department and its various offices throughout Canada.

## SPECIAL COMMITTEE

## ROYAL CANADIAN AIR FORCE BENEVOLENT FUND

(Incorporated without share capital, under Part II of the Dominion "Companies Act, 1934" and Registered under the "War Charities Act, 1939")

## BALANCE SHEET AS AT DECEMBER 31, 1946

ASSETS		LIABILITIES
Cash on Hand and in Banks .....	\$ 85,932.95	Accounts Payable .....
Investments:		Trust Donation, re-convalescent home .....
Securities at par, per Exhibit "B" (market value, exclusive of interest earned but not due \$28,195.54, \$3,066,291.24) .....	\$2,935,588.00	The Fund: \$1,871,891.25
Equity in real property .....	<u>36,320.00</u>	Amount at December 31, 1945 .....
	2,971,908.00	Contributions received during the year, 1,386,304.72
Loans to members and ex-members of the R.C.A.F. and their dependents (including emergency advances pending receipts of perquisites, etc., accruing from the Government) .....	<u>94,318.15</u>	Surplus for the year, per Exhibit "A", 4,060.01
	<u>94,318.15</u>	<u>112,076.53</u>
	<u><u>\$3,152,459.10</u></u>	<u><u>315,017.945</u></u>
		<u><u><u>\$3,152,159.10</u></u></u>

Note: No provision is made for probable losses from uncollectable loans. It is estimated that, apart from loans for which no repayment dates are set, there are loans of approximately \$40,000 which are more than three months overdue.

Approved on behalf of the Board

(Sgd.) H. G. NORMAN, Director.  
(Sgd.) H. F. GORDON, Director.

(Sgd.) J. HOPKINSON,  
Assistant Auditor General.

OTTAWA, Ont., 17th April, 1947.

I have examined the accounts of the Royal Canadian Air Force Benevolent Fund for the fiscal year ended December 31, 1946, and have obtained all the information and explanations I have required. In my opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Fund as at December 31, 1946, according to the best of my information and the explanations given to me, and as shown by the books of the Corporation.

Your Directors gratefully acknowledge the following contributions received during the year under report:—

R.C.A.F. Lancaster Display .....	\$ 5,461.48
Air Force Day .....	17,899.16
R.C.A.F.—In settlement resulting from Service of R.C.A.F. personnel with R.A.F. ....	600,718.40
R.C.A.F. Officers' Messes .....	16,869.45
R.C.A.F. Sergeants' Messes .....	11,989.29
R.C.A.F. Station Fund .....	65,101.14
Civilian Schools (B.C.A.T.P.) .....	6,990.31
Entertainment and Sports .....	2,000.00
Divine Services .....	258.87
Central Institutes Funds .....	637,020.28
Sundry Contributions (Canada) .....	15,553.24
Sundry Contributions (Overseas) .....	6,443.10
	<hr/>
	\$1,386,304.72

During the year under report S/L Francis Lorenzen and W/C Bernard M. Alexander resigned as Directors of the Corporation and Messrs. W. R. Creighton and G. Scott Murray were elected in their place. Air Marshal H. Edwards, C.B., resigned as Chairman and Member of the Executive Committee and Messrs. Walter R. Creighton and G. Scott Murray were appointed Members of the Executive Committee and Mr. Herbert F. Gordon, C.M.G., was appointed Chairman of that Committee.

S/L John J. Carson, on retiring from the R.C.A.F., resigned as Treasurer of the Corporation and was replaced by F/L John C. Carrothers.

During the year, fifteen Corporation Members were elected while one died. The membership is now 79. Your Directors record with regret the death of Mr. Walter A. Merrill, K.C., Chairman of the Montreal Committee. He has been replaced by Mr. J. Ernest Savard.

Your Directors gratefully acknowledge the service rendered to the Corporation by the Auditor General of Canada in auditing the Accounts for the past year, without charge.

Your Directors desire to record their appreciation of the splendid work carried out by all field workers, both service and civilian, and also to express their sincere thanks to the staff at Head Office for their untiring efforts in the interests of the Fund.

Submitted on Behalf of the Board,

OTTAWA, Ont., 2nd May, 1947.

KENNETH G. NAIRN, *President.*

**Exhibit "A"****ROYAL CANADIAN AIR FORCE BENEVOLENT FUND****STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED  
DECEMBER 31, 1946****Revenue****Interest on:**

*Securities .....	\$61,200.07
Equity in real property .....	1,242.28
Loans to members and ex-members of the R.C.A.F. and their dependents .....	434.72
Bank deposits .....	191.49

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**63,068.56****Expenditure****Expenses of administration (including field expenses):**

Salaries .....	\$11,064.96
Travelling .....	3,238.79
Sundry .....	3,948.93

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**18,252.68**

Premium on securities purchased .....	38,654.95
Loss on foreign exchange .....	2,100.92

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**59,008.55**

Surplus .....	<hr/> <b>\$4,060.01</b>
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\* Note: As in the previous year, interest earned but not due at the year-end is excluded.  
At December 31, 1946, this was \$28,195.46.

**Exhibit "B"****ROYAL CANADIAN AIR FORCE BENEVOLENT FUND****INVENTORY OF SECURITIES AS AT DECEMBER 31, 1946**

		Par Value	Price	Market Value
Government of Canada				
3rd Victory Loan, Nov. 1, 1953-56 .....	3%	\$ 500.00	105 $\frac{1}{2}$	\$ 529.37
4th Victory Loan, May 1, 1954-57 .....	3%	500.00	104 $\frac{1}{2}$	524.37
5th Victory Loan, Jan. 1, 1956-59 .....	3%	128,000.00	104 $\frac{1}{2}$	133,920.00
6th Victory Loan, Jan. 1, 1957-60 .....	3%	102,000.00	104 $\frac{1}{2}$	106,590.00
7th Victory Loan, Feb. 1, 1959-62 .....	3%	557,000.00	104 $\frac{1}{2}$	582,065.00
8th Victory Loan, Oct. 1, 1959-63 .....	3%	825,500.00	104 $\frac{1}{2}$	862,647.50
9th Victory Loan, Sept. 1, 1961-66 .....	3%	1,006,000.00	104 $\frac{1}{2}$	1,051,270.00
Perpetuals, callable on or after September 15, 1966	3%	300,000.00	103 $\frac{3}{4}$	311,250.00
War Savings Certificate, dated Nov. 15, 1944 .....		8.00		8.00
United Kingdom				
Defence Bonds, 1955-65, £2,000 .....	3%	8,040.00	109	8,763.60
Savings Bonds, 1955-65, £2,000 .....	2 $\frac{1}{2}$ %	2,010.00	104	2,090.40
Savings Bonds, 1965-75, £1,500 .....	3%	6,030.00	110	6,633.00
		<hr/> <b>\$2,935,588.00</b>		<hr/> <b>\$3,066,291.24</b>

## INTERIM STATEMENT

**APPENDIX "B"**  
**ANALYSIS OF TOTAL FUNDS**

**REGIMENTAL ARMY UNITS AND AUXILIARY SERVICES ORGANIZATIONS**

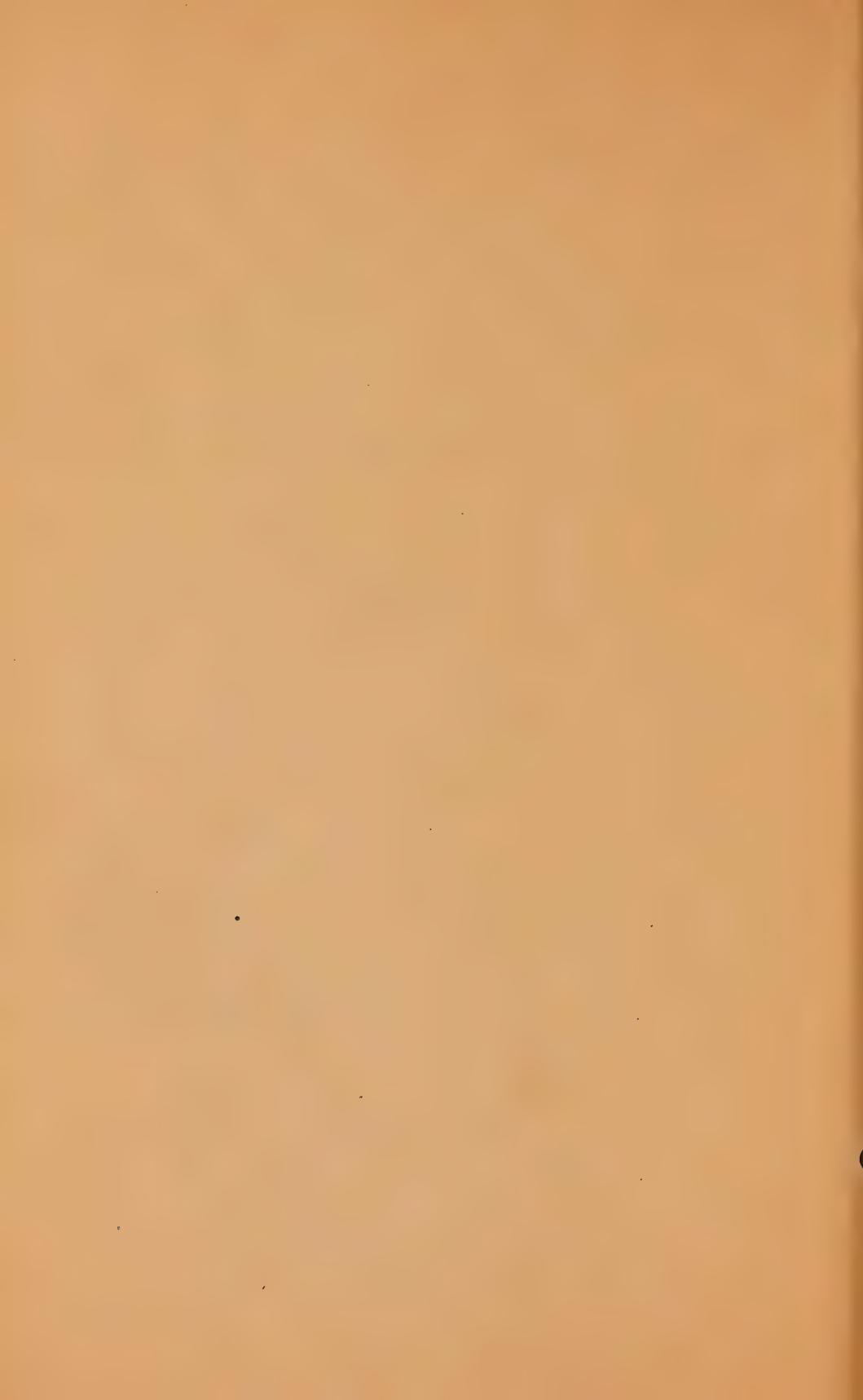
Item	Funds held by Regt. Funds Board or in a/c with Receiver General	Funds held by C.I.O. Funds held by C.I.O. (Overseas) in Suspense	Funds held by Auxiliary Service Orgs. held by C.I.O. (Overseas) in Suspense	Total	For transfer to credit of Receiver General	Amounts available for immediate use in setting up an Army Benevolent Fund	Held in Suspense
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	cts.
Canteen a/c (Canada).....	11,384,179 00	20,000 00	—	84,797 72	1,468,976 72	—	84,797 72
Canteen a/c (Overseas).....	—	918,360 39	—	796,909 35	1,715,269 94	—	(270,755 91) (766,909 55)
Bronco a/c.....	—	1,042,532 27	—	—	1,042,532 27	—	1,042,532 27
Sundry Items.....	—	21,887 11	—	31,867 19	53,754 30	—	—
Surplus Assets a/c.....	—	1,500,875 23	—	906,450 55	2,407,325 78	1,920,300 28	—
<b>Total Aux. Services.....</b>	<b>1,364,179 00</b>	<b>3,503,655 00</b>	<b>—</b>	<b>1,820,025 01</b>	<b>6,687,859 01</b>	<b>1,920,300 28</b>	<b>3,074,315 75</b>
Recreational Inc. N.W.E.....	—	1,255,579 55	—	—	1,258,579 55	1,258,579 55	—
N.A.F.I. Refunds (to 31 Aug. 45).....	1,368,630 00	—	—	1,368,630 00	—	1,368,630 00	—
Refund Troopship Canteens.....	87,779 00	—	—	87,779 00	—	87,779 00	—
Sundry Items (Rec. Gen. 2½% approx.).....	7,693 00	—	—	7,693 00	—	7,693 00	—
Interest (Rec. Gen. 2½% approx.).....	134,073 00	—	—	134,073 00	—	134,073 00	—
Kitchen By-products (Overseas).....	—	283,993 00	—	283,993 00	—	—	—
Unit Regt. Funds (A.F. disbs.).....	3,273,967 31	—	—	3,273,967 31	—	3,044,634 00	233,893 00
Army Shows.....	17,532 92	—	—	17,532 92	—	3,251 67	14,251 25
Interest (Bank 1½%) (approx.).....	39,054 61	—	—	39,054 61	—	39,054 61	—
Interest (Bank 1½%) (approx.).....	18,000 00	—	—	18,000 00	—	18,000 00	—
4,946,729 84	—	1,542,472 55	—	6,489,202 39	1,258,579 55	4,703,115 28	537,507 56
<b>Grand Total.....</b>	<b>6,310,908 84</b>	<b>3,503,655 00</b>	<b>1,542,472 55</b>	<b>1,820,025 01</b>	<b>13,177,061 40</b>	<b>3,178,879 83</b>	<b>*7,777,491 03</b>

NOTE.—When final audited statements are received, minor adjustments may be necessary between accounts.

† Included in this total are funds held by R.F.B. for account of R.C.N. .... \$ 63,732 00  
R.C.A.F. .... ..... 59,935 00 \* 123,715 00

7,633,716 03

RE—CANTEEN a/c OVERSEAS.—In addition to the figures shown above \$233,900 has been turned in to the Receiver-General a/c of the 12.3% charge against U.K. Canteen Sales. Also \$36,680 has been transferred from Canteen Surplus a/c to Operating a/c to obviate the necessity of transferring Canadian dollars to the U.K. when sterling was available. The latter amount will be applied against U.K. charges.



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Canada - Canteen Funds, & House of Commons  
( SESSION 1947 )  
( HOUSE OF COMMONS )

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SPECIAL COMMITTEE

( ON )

CANTEEN FUNDS

MINUTES OF PROCEEDINGS

No. 10

MONDAY, MAY 12, 1947  
THURSDAY, MAY, 22, 1947  
WEDNESDAY, JUNE 11, 1947

Including Final Report to the House

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.P.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1947





## REPORT TO THE HOUSE

THURSDAY, JUNE 12, 1947

The Special Committee on Canteen Funds begs leave to the present the following as a

### SECOND AND FINAL REPORT

By Order of the House dated Wednesday, February 26, 1947, your Committee was instructed to:

Enquire into and report upon the control and disposition of canteen funds accumulated during the war which commenced on the 10th of September, 1939, out of profits arising from army messes, canteens and other services operated by or for the benefits of army personnel, as well as moneys derived by units through the sale of refuse, or other moneys received for the benefit of personnel of the Canadian Army, and to recommend to the House appropriate legislation to implement such recommendations as the Committee may make.

The committee has held thirteen meetings and has heard evidence from the Associate Deputy Minister, the President of the Regimental Funds Board and other officers of the Department of National Defence as to available army canteen funds. Representations have been received from organized veteran bodies as to the disposition and administration of these funds, and advice has been sought from officers of the Department of Veterans Affairs and from those charged with the responsibility of administering other similar funds.

In this connection the Committee is gratified to be able to report that, probably for the first time since the termination of World War I, all veteran organizations of national scope in Canada have collaborated in the preparation of a joint brief and have been unanimous in their recommendations.

After careful consideration of the evidence and of the recommendations contained in the report of the Special Committee on Canteen Funds dated July 22, 1942, your Committee has prepared a draft bill embodying its conclusions respecting army canteen funds. A copy of this draft, entitled: "An Act Respecting Army Canteen Benevolent Funds of World War II", is attached hereto, and your Committee recommends that the Government consider the advisability of introducing such a bill.

Your Committee has also given careful consideration to representations made to it by the principal veteran organizations respecting the appointment of a committee to co-ordinate the policies of the Canadian Naval Service Benevolent Trust Fund, the Army Benevolent Fund Board and the Royal Canadian Air Force Benevolent Fund, and recommends that the Government introduce legislation authorizing the appointment by the Governor in Council of a committee to be composed of members representative of the Benevolent Funds of the three armed forces, of the Canadian Legion of the British Empire Service League and of the National Council of Veteran Associations in Canada, the said committee to act as a liaison between the three Funds and to effect, as far as may be practicable, a uniform policy in the granting of assistance to veterans and their dependents..

The Committee wishes to express its gratitude to the Department of Veterans Affairs, to the Canadian Red Cross Society and to the Canadian Council of Social Agencies for their very generous offers of assistance in the administration of the Fund, and would commend their good offices to any board or committee which may be constituted.

The Committee also wishes to record its appreciation of the invaluable assistance and advice received from Mr. W. S. Woods, C.M.G., Deputy Minister of Veterans Affairs, Mr. Alex Ross, Associate Deputy Minister of National Defence, and officers of their respective Departments; from His Honour Judge Alexander Ross, who, during World War II, served as President of Canadian Legion War Services Incorporated, and who has had a wide experience in the solution of veterans' problems; Major Alex C. Lewis, K.C., Secretary-Treasurer, Board of Trustees, Ontario Canteen Funds; Admiral Percy W. Nelles, C.B., L.L.D., R.C.N. (Retired), President, Canadian Naval Services Benevolent Trust Fund, and Mr. J. L. Apedaile, O.B.E., C.A., Manager, Royal Canadian Air Force Benevolent Fund.

A copy of the minutes of proceedings and evidence of the Committee is appended.

All of which is respectfully submitted.

LESLIE A. MUTCH,  
*Chairman.*

#### DRAFT BILL

##### AN ACT RESPECTING ARMY CANTEEN BENEVOLENT FUNDS OF WORLD WAR II

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. This Act may be cited as the *Army Benevolent Fund Act, 1947*.
2. In this Act, unless the context otherwise requires:
  - (a) "Board" means the Army Benevolent Fund Board established pursuant to section four of this Act;
  - (b) "Fund" means the Army Benevolent Fund set up pursuant to section three of this Act;
  - (c) "Minister" means the Minister of Veterans Affairs;
  - (d) "veteran" means a person who was on active service in the military forces of Canada during World War II and
  - (e) "World War II" means the war that commenced in September, nineteen hundred and thirty-nine.
3. (1) There shall be set up in the Consolidated Revenue Fund a special account called the Army Benevolent Fund.
  - (2) There shall be credited to the Fund all amounts now credited to the following accounts in the Consolidated Revenue Fund,
    - (a) the account known as The Central Trust Fund of the Army, Navy and Air Force Canteens and continued pursuant to an Order of the Governor in Council dated the eighteenth day of September nineteen hundred and forty-six (P.C. 68/3910); and
    - (b) the account known as The Canadian Army Benefit Fund as constituted pursuant to an Order of the Governor in Council dated the twenty-seventh day of April, nineteen hundred and forty-four. (P.C. 75/3088) and the said accounts shall thereupon be cancelled.
  - (3) There shall be credited to the fund the sum of \$285,161.55 received in respect of the sale of "Kitchen By-Products Overseas" and deposited to the credit of the Receiver General pursuant to Regulation sixty-nine of the "Rules for the Management of Messes and Canteens, Canadian Army, 1942"

(4) The following shall be paid or transferred to the Receiver General of Canada and credited to the Fund

- (a) all moneys and securities now held by, in the name of, or on account of The President, Regimental Funds' Board, Department of National Defence, including, without restricting the generality of the foregoing, all moneys and securities paid or transferred to him in respect of regimental, mess, canteen or other unit funds of Canadian Army active units that have been disbanded except such moneys as are required to discharge liabilities chargeable against such funds and as are required to repay to units and formations of the Canadian Army Reserve Force, or units of the pre-war Permanent Force, loans or gifts made by them or their non-permanent active militia counterparts to units or formations placed on active service.
- (b) all moneys that, under an Order made by the Governor in Council on September eighteenth, nineteen hundred and forty-six (P.C. 68/3910) were required to be deposited with the Receiver General of Canada by certain auxiliary service organizations to be held as trust moneys in "The Central Trust Fund of the Army, Navy and Air Force Canteens" including, without limiting the generality of the foregoing, all profits that the Young Men's Christian Association, the Salvation Army, the Knights of Columbus, the Canadian Legion War Services Inc., and the Young Women's Christian Association were, by agreement with His Majesty, required to pay for the benefit of members and ex-members of the armed forces; except an amount sufficient to discharge liabilities chargeable against such profits.
- (c) all moneys and securities that by military Orders, Rules or Regulations are required to be paid to the President, Regimental Funds' Board, Department of National Defence as or in respect of regimental, mess, canteen or other unit funds upon a Canadian Army active unit being disbanded;
- (d) all moneys received from Navy, Army and Air Force Institutes of the United Kingdom in respect of the distribution of profits from their operations during World War II;
- (e) all moneys received from the Government of the United Kingdom in respect of the distribution of profits from the operation of troopships' canteens during World War II; and
- (f) any money designated by the Governor in Council for the purpose of this Act as having been received in respect of the profits from the operation of messes, canteens or other activities, the profits of which should be used for the benefit of veterans.

(5) All moneys and securities required by this section to be paid or transferred to the Receiver General of Canada are hereby declared to be and to have been the property of His Majesty in right of Canada and may be recovered by action on behalf of His Majesty in the Exchequer Court of Canada.

(6) Where Dominion of Canada Bonds or other securities are transferred to the Receiver General of Canada under this section, they shall be held for the account of the Fund until maturity or until the Board directs that they be sold.

(7) The Fund shall be credited with interest at the rate of two and one-half per centum per annum, semi-annually on the minimum monthly balances to the credit of the Fund.

(8) All amounts credited to the Fund shall be deemed to have been received by His Majesty in trust for the purposes of this Act.

4. (1) There shall be a Board to be called "The Army Benevolent Fund Board" consisting of five members appointed by the Governor in Council of whom one shall have been nominated by the Canadian Legion of the British

Empire Service League and one by the National Council of Veterans Associations in Canada. No member of the Board shall hold or occupy a position in the public service of Canada.

(2) The members of the Board shall be appointed for a term of four years: Provided that of the members first appointed one shall be appointed for a term of six years, two for a term of four years each and two for a term of two years each.

(3) A member is, upon the expiration of his term of office, eligible for re-appointment.

(4) Upon a vacancy in the membership of the Board occurring by reason of the expiration of the term of office of a member or otherwise, a new member shall be appointed in the same manner as the member previously holding that office.

(5) One member of the Board shall be designated by the Governor in Council as Chairman.

(6) Three members are a quorum.

(7) Each member has one vote and if, in any case, the number of votes is equal, the Chairman has an additional vote.

(8) The head office of the Board shall be in the City of Ottawa.

(9) The Governor in Council may remove a member of the Board for cause.

(10) The Board is not an agent of His Majesty and its officers and employees are not part of the public service.

5. (1) The Board shall constitute a committee for each province, one for the United Kingdom and one for the United States; and it may constitute a committee for the Yukon Territory and a committee for the Mackenzie River District of the Northwest Territories.

(2) Each committee shall consist of three members, one of whom shall be appointed by the Board and shall be the Chairman of the committee and two of whom shall be appointed, after consultation with veterans organizations, by the Chairman of the committee with the approval of the Board.

(3) Each member of a committee shall be appointed for a term of four years and be eligible for re-appointment.

(4) Upon a vacancy in the membership of a committee occurring by reason of the expiration of the term of office of a member or otherwise, a new member shall be appointed in the same manner as the member previously holding that office.

6. (1) The Board may, upon the recommendation of a committee, constitute one or more sub-committees to function within a prescribed area.

(2) A sub-committee shall consist of such number of members appointed for such periods of time as shall be determined by the Board.

(3) One member of each sub-committee shall be appointed by the committee and shall be Chairman of the sub-committee and the other members of the sub-committee shall be appointed by the Chairman thereof.

(4) Upon a vacancy in the membership of a sub-committee occurring by reason of the expiration of the term of office of a member or otherwise, a new member shall be appointed in the same manner as the member previously holding that office.

7. Members of the Board and committees shall serve without salary or other remuneration but a member may, in the discretion of the Board, be paid a *per diem* allowance in the amount to be fixed by the Board for days while in attendance at meetings of the Board or committee and while travelling from or returning to his place of residence and his actual travelling expenses while travelling in the performance of his duties under this Act.

8. (1) The Board shall appoint a veteran as secretary to the Board at an annual salary not exceeding six thousand five hundred dollars and may appoint such other officers and employees on such terms and conditions as it deems expedient: Provided that where there is available a qualified veteran to fill any position preference in appointment shall be given such veteran.

(2) The Board may incur such expenses as it considers necessary for carrying out this Act; and expenses, including salaries, shall be paid out of the Fund.

9. (1) There shall be paid out of the Fund to or for the benefit of veterans or their dependents or the widows or children of deceased veterans such amounts as the Board may from time to time determine.

(2) The Board shall be governed by the following principles,

- (a) plans shall be formulated on the assumption that there will be prospective beneficiaries for fifty years from the establishment of the Fund;
- (b) no grant is to be made by way of relief of want from the Fund where adequate relief is, at the time of the application, available from Dominion, Provincial or municipal governmental sources;
- (c) where grants are made to assist in the education of dependents of veterans or of children of deceased veterans, bursaries shall be granted contingent or continued need and satisfactory progress and not as competitive scholarships based on academic standing; and
- (d) amounts paid out of the Fund are not recoverable, unless obtained by fraud or misrepresentation.

10. (1) A committee or sub-committee established under this Act shall, under the general control and supervision of the Board, receive and investigate applications for assistance and approve or refuse them.

(2) Where a committee approves an application for assistance not exceeding three hundred dollars, it may grant the assistance without reference to the Board and for this purpose accountable advances may be made to the committee out of the Fund in such amounts and in such manner as the Board may direct.

(3) Where a sub-committee approves an application for assistance not exceeding fifty dollars, it may grant the assistance without reference to the Board or committee and for this purpose accountable advances may be made to the sub-committee out of the Fund in such amounts and in such manner as the Board may direct.

11. (1) The Auditor General shall examine, annually, the accounts of the Board and shall examine accounts of committees quarterly.

(2) The reports of the Auditor General shall be submitted to the Board.

12. (1) The Board may make regulations prescribing the manner in which its business or the business of a committee or a sub-committee shall be carried on and generally for carrying out this Act.

(2) Regulations shall, when made, be published in the *Canada Gazette* and a copy thereof forwarded to the Minister who shall lay the same before Parliament forthwith if Parliament is in Session or within fifteen days of the commencement of the next session of Parliament.

13. The Board shall, as soon as practicable after the thirty-first day of March in each year, and in any event, within three months thereof, prepare and submit to the Minister an annual report of its affairs and operations during the twelve month period ending on that day; and the Minister shall forthwith lay the report before Parliament if Parliament is in session or within fifteen days of the commencement of the next session of Parliament.



## MINUTES OF PROCEEDINGS

MONDAY, May 12, 1947.

The Special Committee on Canteen Funds met in camera at 11.00 o'clock a.m., the Chairman, Mr. Leslie A. Mutch, presiding.

*Members present:* Messrs. Baker, Belzile, Benidickson, Cockeram, Croll, Cruickshank, Dion, Harkness, Lennard, Marshall, Mutch, Probe, Wright.

The Committee proceeded to consideration of its final report.

On motion of Mr. Baker:

*Resolved,*—That the Chairman cause a draft bill to be prepared, embodying the recommendations of the Committee respecting the disposal of Army Canteen Funds, for submission to the Committee at its next meeting.

On motion of Mr. Baker:

*Resolved,*—That a further report to the House be drafted by the Chairman, for submission to the Committee at its next meeting, recommending that a committee be established to co-ordinate the policy of the Canadian Naval Service Benevolent Trust Fund, The Army Benevolent Fund Board and the Royal Canadian Air Force Benevolent Fund.

At 1.00 o'clock p.m. the Committee adjourned to the call of the Chair.

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THURSDAY, May 22, 1947.

The Special Committee on Canteen Funds met in camera at 4.00 o'clock p.m., the Chairman, Mr. Leslie A. Mutch, presiding.

*Members present:* Messrs. Baker, Brooks, Cockeram, Croll, Harkness, Lennard, Marshall, Mutch, Whitman.

*In attendance:* Mr. A. A. Fraser, Joint Law Clerk, House of Commons.

The Chairman tabled a draft of a bill respecting the disposition of Army Canteen Funds.

After discussion, it was agreed that certain clauses be redrafted for clarification, and the Chairman undertook to obtain further information respecting moneys to be credited to the Fund.

At 5.45 p.m. the Committee adjourned to the call of the Chair.

WEDNESDAY, June 11, 1947.

The Special Committee on Canteen Funds met in camera at 4.00 o'clock p.m., the Chairman, Mr. Leslie A. Mutch, presiding.

*Members present:* Messrs. Baker, Brooks, Benidickson, Croll, Emmerson, Langlois, Lennard, Marshall, Mutch, Probe, Robinson (*Bruce*), Whitman.

The Chairman furnished the Committee with information promised at the last meeting and with a draft of the final report, including a revision of the proposed bill respecting Army Canteen Funds.

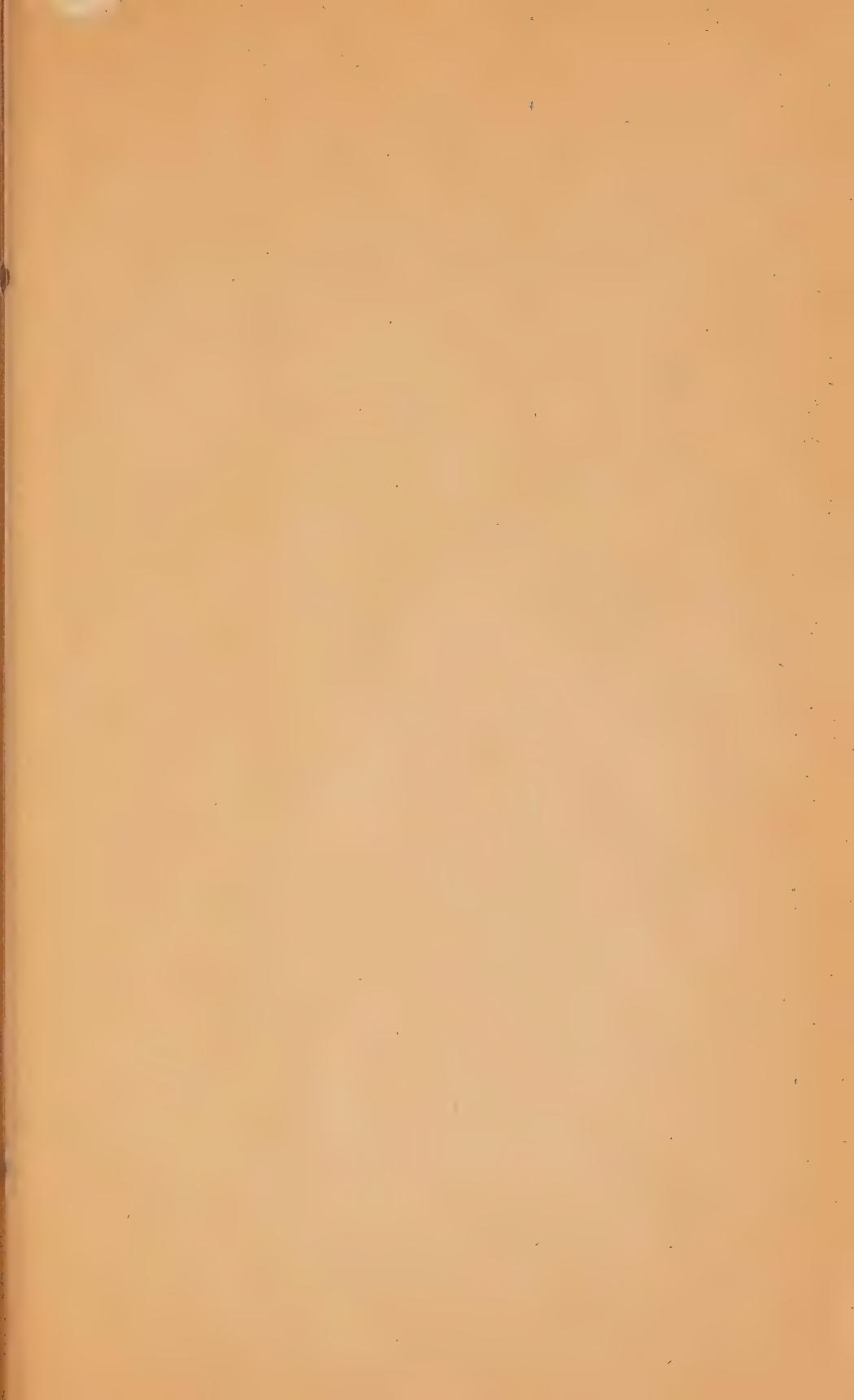
On motion of Mr. Fulton, the report was adopted unanimously and the Chairman ordered to present it to the House.

The Committee voiced appreciation and thanks to the Chairman for the manner in which he had conducted its deliberations.

The Chairman thanked the Committee for the co-operation afforded and expressed his gratification that the decision on all questions had been unanimous.

At 5.30 o'clock p.m. the Committee adjourned *sine die*.

A. L. BURGESS,  
*Clerk of the Committee.*





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